UC SOUTHERN REGIONAL LIBRARY FACILITY
AA 001 001 310 4

THE LIBRARY
OF
THE UNIVERSITY
OF CALIFORNIA
LOS ANGELES

The Meaning of Tariff Reform

By

STEPHEN WALTER, M.A. (Oxon.)

and of Lincoln's Inn, Barrister-at-Law

ONE SHILLING NET

London

P. S. KING & SON

Orchard House, Westminster

1910

3306

THE MEANING OF TARIFF REFORM

DEDICATED

TO

MY WIFE,

WHO, IN THE WORDS OF ADRIANA,
INSPIRED ME THUS:

"I KNOW THOU CAN'ST; AND, THEREFORE, SEE THOU
DO IT."

THE MEANING OF TARIFF REFORM

BY

STEPHEN WALTER, M.A. (OXON.)

AND OF LINCOLN'S INN, BARRISTER-AT-LAW

SECOND IMPRESSION

LONDON
P. S. KING & SON
ORCHARD HOUSE
WESTMINSTER

1910

UNIV. OF CALIFORNIA
AT LOS ANGELES

FOREWORD.

"Quot homines, tot sententiae." [1]

The following pages are intended to serve as a simple introduction to the vexed question of Tariff Reform. Those who have studied the policy from its first promulgation will find herein nothing to add to their knowledge of the subject, and but little that may otherwise interest them. On the other hand, there are many who from one cause or another steadfastly refuse to abjure the blandishments of the Free Trade school. It is to these, be they Free Traders by conviction, or because they inherit the views of their forebears, or yet again because they know nothing of the changes it is proposed to make in our present Fiscal system, that I offer this small volume; in the hope that it may suggest to some indulgent one a

[1] "As many men, as many points of view."

view of Tariff Reform that has hitherto escaped him.

If it be urged that the hour is late for an introduction to Tariff Reform, I reply that justification lies in the lack of general appreciation that the underlying principles have hitherto met with, at the hands of a much-exploited public. This, too, in spite of all that has been said and written upon the subject; and in spite of all the votes that were cast in favour of it at the last election. Indeed, one cannot but suspect that many of these were the result of a traditional sense of party obligation, rather than the outcome of a sound appreciation of the policy on its merits.

It is the purpose of the following pages to examine the policy of Tariff Reform—parent of the twin-policies Home Protection and Colonial Preference—considered not as an economic abstraction set in a purely hypothetical plane; but as a concrete policy eminently applicable to the present conditions of Social and Industrial Britain. And, inasmuch as Tariff Reform is essentially an Imperial policy, to further that appreciation without which it must remain impossible

to re-organize and develop the Empire along sound economic lines.

Whatever merit the following may disclose is attributable to the kindly criticism, assistance and advice, of Ewart S. Grogan, whose "Economic Calculus" elucidates for the first time the vital germ underlying the true economic principle, and collects the elements of that philosophy at last within the purview of positive science.

S. W.

Nov. 1910.

CONTENTS.

CHAP.		PAGE
I.	A SURVEY	1
II.	TARIFF REFORM AND INDUSTRIALISM . .	37
III.	THE FOOD QUESTION	76
IV.	A VIEW OF THE COTTON INDUSTRY . .	97
V.	CONCLUSION	108

THE MEANING OF TARIFF REFORM.

CHAPTER I.

A SURVEY.

MUCH of the falsity of modern economic thought may be traced to an unreasoned attempt to apply to existing conditions the Free Trade dogmas of the old Manchester School.

If the correctness of their premises be admitted, much may be gained by studying these writers; but trouble almost certainly awaits us if we try to apply to modern conditions conclusions arrived at from the contemplation of conditions which, if they ever existed at all, are assuredly obsolete now.

In his "Wealth of Nations" Adam Smith affords us many excellent examples of the Free Trade method of thought; and since these still serve for the instruction of the youthful Free Trade mind, it may not be amiss to examine some

few of them in detail, in order to expose the better those insidious fallacies to which they owe their origin.

In the course of his dissertation upon the restraint of importation, Adam Smith says:

"To give the monopoly of the home market to the produce of domestic industry must in almost all cases be either a useless or a hurtful regulation. If the produce of domestic can be brought there as cheaply as that of foreign industry, the regulation is evidently useless. If it cannot, it must generally be hurtful. It is the maxim of every prudent master of a family never to attempt to make at home what it will cost him more to make than to buy. The tailor does not attempt to make his own shoes, but buys them of the shoemaker. The shoemaker does not attempt to make his own clothes, but employs a tailor. The farmer attempts to make neither the one nor the other, but employs those different artificers. All of them find it for their interest to employ their whole industry in a way in which they have some advantage over their neighbours, and to purchase with a part of its produce whatever else they have occasion for."

Here we have the doctrine of the subdivision of Labour—a doctrine perfectly sound in principle, given a sufficiency of hitherto unco-ordinated energies, and postulating the absence of any phenomena interfering with their due operation along definite required lines.

True, the tailor does not attempt to make his own shoes. He seeks to make clothes only; and is content if he be permitted to follow his trade without interruption But if he be prevented from making clothes and selling them, how is he to find

money wherewith to purchase his shoes and hats? It is here that the fallacy underlying the Free Trade theory first becomes suspect.

Adam Smith clearly implies that the unrestricted importation of foreign clothes can exercise no harmful influence on the British tailor's business, since the last state of the tailor is nowhere referred to as being worse than the first. He is therefore just as fully employed after as he was before the importation; sells just as many clothes, and consequently has just as much money to spend.

In view, however, of the existing demand for clothes being thereafter partly met by the foreign supply, the demand for the home product, and consequently for the work of British tailors, must necessarily be diminished. The British industry must therefore, in fact, be injured, and some tailors lose their occupation in consequence.

The Free Trade doctrine amounts to a complete negation of the sequence of cause and effect. The tailor has money to buy with *because* he is enabled to sell the clothes he has made. Unrestricted importation of cheap competitive clothes must, however, affect his sales; must therefore affect his purchasing power—the direct result of such sales.

Adam Smith hazards no reference to this necessary effect of importation, and tacitly assumes that the tailor's sales, and therefore his purchasing power, will remain unaffected by them. He postulates an effect which can never follow from

the operating cause. His dogma, therefore, together with the entire superstructure he subsequently elaborates, is rendered worthless. Elsewhere he says:

"If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it of them with some part of the produce of our own industry, employed in a way in which we have some advantage."

Here again he postulates that some such industry exists. He appears to have completely failed to realize that the very fact of buying the foreign product may re-act upon the purchaser, lessen the demand for his own product, and thereby diminish his buying power. He sees only the bright side of the picture: the British workman busily following his trade, making big profits therein, and at the same time satisfying his other requirements by buying them in the cheapest market.

Provided the workers of this country were all fully employed, there would be nothing to say against the policy of buying in the cheapest market. It is sufficiently obvious that the policy of unrestricted imports must then be perfectly right, for the simple reason that under these conditions the purchaser would be paying the minimum for his requirements, while his own purchasing power would thereby in no way be diminished. This, unfortunately, is an unthinkable position, and may accordingly be dismissed.

What we have to consider is the other side of the picture, the side so admirably reflected in

everyday life. Here we see the Britisher no longer making big profits in his trade, owing to the lessened demand for his goods. The goods he has hitherto been making can now be bought cheaper elsewhere. As a consequence the Britisher loses his occupation, and must eventually go on to the streets, or seek protection against unfair competition by resuming his trade behind the tariff walls of some protected country abroad.

Adam Smith omits to mention what in fact would be of the utmost value to us to-day—the proper course to pursue in the event of our some day finding we possessed no "industry wherein we enjoyed some advantage over the foreigner."

Our coal trade is the only remaining industry in which we may be said still to have some advantage over the foreigner—in that we still possess the coal. But surely even Adam Smith would have hesitated to advise the concentration of more of the national energy upon the depletion of this limited store of unreproducible wealth!

The cotton industry, as will elsewhere be shown, can no longer boast advantages unknown to other nations, since the supposed natural climatic advantages of Lancashire are now being artificially reproduced elsewhere; and, with the exception of agriculture, this is by far our most important industry.

Adam Smith further insists upon his dogma:

"Whether the advantages which one country has over another be natural or acquired is in this respect

of no consequence. As long as the one country has those advantages, and the other wants, it will always be more advantageous for the latter to buy of the former than to make."

This passage serves to indicate how completely was the mind of Adam Smith obsessed by the speciousness of his own dogma. It bears the stamp of a purely subconscious echo, fashioned and expressed whilst the consciousness lay dormant. The very fact of so remarkable a passage remaining unqualified and unsupported by a single shred of demonstrative proof or logical reasoning is evidence of a confusion in the mind of Adam Smith which he either never detected or was powerless to dispel. True, he endeavours to forestall criticism by adducing an ingenious example in support of his amazing dictum, though it may be questioned if the proposition he selects is possessed of sufficient cogency to satisfy any one but himself.

Postulating that the South of France possesses natural advantages over the North of Scotland from the standpoint of a wine-growing district, he emphasizes the patent futility of growing grapes in Scotland under artificial conditions, making wine therefrom, and hoping thereby to successfully compete with the products of the South of France. And because this would be an absurd thing to try and do, he says in terms, it must *therefore* be absurd to try and compete in *manufactures* with a

country that has acquired some slight advantage over ourselves!

Thus Adam Smith, who all along has been picking his way over very ticklish ground, takes a definite plunge at last, and flounders hopelessly in the quagmire of his own making.

The error into which he has fallen is that of impliedly denying the distinction, which in fact exists, between commodities that are the product of the soil, and which are consequently dependent upon certain specific conditions of earth, climate, and space, and those — such as manufactured articles—that are the products of man, and thus wholly independent of specific spatial conditions: a fundamental and most important distinction which in fact exists.

He has given us an example in support of only one half of his case—that which deals with the natural product. So far we are in agreement with him. Not, however, because the South of France possesses advantages unknown to the North of Scotland, but because these advantages are due to qualities of soil, temperature, and climate, and therefore cannot be reproduced in the North of Scotland by the ingenuity of man.

So satisfied is Adam Smith with the subtlety of this demonstration, that he tacitly adopts the analogy for his entire proposition. He is clearly distrustful, however, of giving a further example dealing with commodities made by man.

He must have realized perfectly well that, man

being ubiquitous and factories being independent of climatic conditions, there is no *natural* barrier to prevent man from setting up factories in any clime to suit his own convenience. He must have known, too, that any advantages, either in handicraft or manufacture, possessed at any given time by any given race or cult are and always must be capable of reproduction elsewhere, since they depend at most upon the movement of man and the erection of factories.

When we come to crystallize the principle which this apostle of Free Trade appears at such pains to elucidate, we find that it amounts to this: "Whenever you find any one who at any given time can produce the thing you want, a little cheaper than you can,—never mind how he does it, but—BUY!!!" It is unfortunate that the spirit of this principle so far exists to-day, that the trend of Radical legislation is to create and maintain large bodies of loafers—the logical product of the Smithian policy—rather than, by improving the conditions of modern labour, to enable the Britisher to retain his job and create wealth even in face of strenuous competition from without.

Adam Smith offers excellent advice touching such advantages as we may already possess. He says: "Keep your advantage, and exploit it as best you can."

So secure does he feel in the present possession of advantages, real or imaginary, that he puts

from him as unworthy of serious consideration the possibility that we could ever lose them, or, from the same line of reasoning, that they could ever display symptoms of appreciable decline. It is our misfortune, however, to possess no advantages at the present time which are dependent upon spatial conditions. There is consequently no natural barrier to prevent other nations from overhauling us in every one of our specialized fields of activity.

It can no longer be denied that we are steadily losing ground through the slow but sure discounting—due to the rapid progress of other nations—of advantages we used to think unique.

Adam Smith is unprepared with any specific calculated to lessen unemployment; to induce advantages we happen to lack; or to restore those we may have lost.

True, it would be unwise to force grapes in Scotland, or cocoa-beans in England; for with these forced products we could never successfully compete with the natural supplies. Nor is it suggested that a protective duty should be imposed on these and such like commodities in order to secure their production in this country.

Mr. Chamberlain emphasized this point at Birmingham on May 13, 1904, when he said:

"We do not want Protection in the ordinary sense—in the true sense of that word. We do not want to protect industries which are not suitable to this country."

Such, then, is the limitation to the principle of Protection as at present adopted by the Unionist Party.

But having once realized this limitation, it must be our concern to see that the analogy is carried no further; and that we do not cease to manufacture knives and other articles simply because other countries can dump their surplus manufactures here and undersell the home producer, and thus prove themselves to be the possessors of some advantage that we lack. Such advantages might perhaps consist in wider markets, better organization, or cheaper labour. In which case, by encouraging the home market, increasing our own scale of production, and penalizing the product of foreign cheap labour, we might reasonably hope to gain something of those advantages which foreigners now enjoy.

According to Adam Smith, however, we ought to do no such thing. We ought to buy the cheap dumped goods rather than continue to make them ourselves, and divert our energies into some other channels wherein we could employ them with advantage relatively to the foreigner.

This being so, there can be but one logical conclusion as regards British industrialism. One trade after another being subjected to the competitive onslaught of our foreign manufacturing rivals, one after another must necessarily "fade away and gradually die."

It is beyond the power of mortal man to render

the climatic conditions of this country suitable to the economical production of grapes or cocoa, but the many factors that go to ensure success to the manufacturer are one and all capable of readjustment and modification, since they are wholly independent of spatial and climatic conditions.

The logic of Adam Smith, however, would strictly forbid any such reorganization. A country that possesses no factories cannot produce manufactures so cheaply as countries that have them. Hence the former must for ever buy of the latter, and never dream of setting up factories for themselves.

Such is the preposterous *cul-de-sac* we are led into!

Just imagine what Germany and the United States would now be like, had they carefully absorbed the wisdom of these professors and endeavoured to work out their respective destinies in accordance with their teachings!

Adam Smith was scarcely more fortunate when addressing himself to the problem of British agriculture, though to the farmer and his employee his message must have borne a note of quite peculiar encouragement:

"Even the free importation of foreign corn could very little affect the interest of the farmers of Great Britain. The small quantity of foreign corn imported even in times of the greatest scarcity may satisfy our farmers that they can have nothing to fear from the freest importations."

How simple it is to prophesy; and yet how seldom do the prophets guess aright!

That Adam Smith was afflicted by certain misgivings, notwithstanding his Free Trade leaning, is shown by the following excerpt from his "Wealth of Nations":

"The case in which it may sometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, is, when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country. Revenge in this case naturally dictates retaliation, and that we should impose the like duties and prohibitions upon the importation of some or all of their manufactures into ours. Nations, accordingly, seldom fail to retaliate in this manner."

In this passage he clearly admits the principle of modified Protection, but, even when actuated by revengeful impulse, adduces no argument in support of the principle he reluctantly admits. His object appears to be rather to harass the foreign manufacturer from motives of spite than to benefit his own kinsmen by the indirect method of handicapping the foreign product.

Adam Smith based his Free Trade contention against the principle of restraint of imports, upon the assumption that the wage-earners of this country were so fully employed that no trade or industry could possibly be augmented or extended without causing a corresponding diminution in some other trade or industry—*i.e.*, that industry from which their energies were necessarily diverted.

If, therefore, his Free Trade conclusion followed from his then premises, a different conclusion would naturally be anticipated from premises which modern conditions would support, and which therefore must differ in some essential respect.

If there be 100 men all fully employed on some given work, it requires no master mind to point out the perfectly obvious fact that you cannot draw fifty of them away to some other occupation without at the same time causing the work they are at present engaged upon to languish. This is the theoretical position that Adam Smith selects for the purposes of his disquisition, and still remains the only aspect of the case that Free Traders choose to consider. If, on the other hand, there be 100 men all fully employed as before, and a further fifty with no employment, it is equally obvious that you *can* create fresh wealth by the employment of these fifty without at the same time diminishing the wealth created by the other 100. This is the aspect of the case that Tariff Reformers are pledged to consider, because they are pledged to solve the pressing problem of unemployment. Free Traders admit they see no solution to the problem, and content themselves with raising funds for the intermittent relief of the victims. Tariff Reform strikes to the very root of the social sore, by enabling the hitherto unemployed Britisher to do the work now being done by the alien competitor abroad.

The official figures of Trade Unionist unemployment during 1909 show that the mean percentage for the year was

7·7 in Great Britain, as compared with
2·8 in Germany.

It is not proposed to place too much insistence on these figures, since the basis of compilation is different in the two countries; the results, therefore, not being strictly comparable. The basis, however, is wider in Germany than it is here; so that if our own unemployment figures were calculated on a similar basis they would now be even higher than they are. These figures would doubtless be still further increased but for the numbers compelled to emigrate each year in order to find employment and a living in various protected countries or dependencies abroad.

The following emigration figures indicate the total losses sustained by the United Kingdom and Germany respectively over the period 1879-1909 inclusive:—

United Kingdom.

		Total.
To Foreign Countries	2,480,258	3,999,968
To British Empire	1,519,710	

Germany.

Total number	2,273,522

And this notwithstanding the fact that the population of Germany is one and a half times as great as that of the United Kingdom.

The striking feature of the returns, however, is

the fact that while emigration from Germany during the last fourteen years has averaged only 26,110 a year, our own figures show that over the same period an average of 109,616 have annually left our shores.

It is the objective of Tariff Reform to provide remunerative employment for the unemployed working men of this country and enable them to do some of the work that is now being done for the British consumer by aliens abroad; and, further, to concentrate within the confines of the British Empire all those who from one economic cause or another are forced to emigrate in order to gain a livelihood.

By successfully accomplishing these dual aims we shall not only increase our productive power at home and in the Colonies, but at the same time stimulate the rapid expansion of those over-sea markets wherein we have most reason to expect the continued absorption of our surplus manufactures.

Of the many issues that divide the two political camps, perhaps the most important is in regard to the effect upon domestic industry of taxing the foreign product; Free Traders maintaining that an import duty must raise the price of the article to the consumer by the full amount of the duty.

In view of the importance of this question it is worth while carefully to follow the reasoning involved and also to examine the proposition in the light of ascertained facts.

Adam Smith, who as we have already seen is peculiarly unhelpful upon the point, satisfies himself with a few irrelevant generalities, but adduces no argument in support of his assertion that restraint is bad. He says it is bad, and to the dogmatist that is all-sufficient.

Even those writers who are opposed to the Smithian view approach the subject with the utmost diffidence, as if reluctant to inquire too deeply into these economic mysteries.

J. S. Mill, however, goes thus far:

"The only mode in which a country can save itself from being a loser by the revenue duties imposed by other countries on its commodities, is to impose corresponding duties on theirs."—"International Commerce."

Professor Nicholson goes still further:

"If the taxing country has been taking a large part of the foreign supply, the foreigner may be compelled to bear part of the tax."—"Principles of Political Economy."

Professor H. Sidgwick is more definite still:

"Unless foreign products are completely excluded by import duties, such duties will partly have the effect of levying a tribute on foreign producers, the amount and duration of which may in certain cases be considerable."—"Principles of Political Economy."

These orthodox economists recognize, then, that it may be possible to tax the foreigner by levying import duties on his products, though none of them are clear as to the cause of this

happy result. They are all equally open to the suspicion of having confused in their own minds the effect of an import duty on commodities that are *competitive* and those that are *non-competitive* in character.

At this juncture, it may be convenient to differentiate between a duty and a tax.

When an import duty is levied in respect of some commodity of which there is no competing supply within the country imposing the duty, such duty is necessarily added to the price of the commodity, and is therefore borne wholly by the consumer. Such duty is clearly in the nature of a tax. For instance, our present duties on tea, sugar, coffee, &c., are, in effect, taxes, and are paid wholly by the British consumer.

Where, however, the import duty is levied in respect of commodities, of which there *is* a competitive supply within, the duty is not necessarily in the nature of a tax, unless a corresponding excise be levied in respect of the home product. In the absence of such excise duty, the proportion of the import duty that will eventually be borne by the consumer will depend upon a variety of circumstances. In order, therefore, to justify the dicta of the economists quoted above, it is necessary to presuppose them referring exclusively to products of which some competitive supply was being made within the country about to impose such duties.

Before passing to the consideration of ascertained

results, it may be worth while to examine the following hypothetical case.

Let it be supposed that in this country there exists a demand for 100 articles at 1*s.* apiece, this demand at the present time being satisfied by fifty British-made articles and fifty imported. The British and the foreign supplies are therefore *competitive*. It will be conceded that if 100 articles can be sold at the price of 1*s.* apiece, more will be sold if the price be lowered, and fewer if it be raised.

Now if a duty of 6*d.* each be levied on the fifty foreign articles, the duty will in the first instance be paid at the Customs by the importer. He will naturally seek to recoup himself by selling his articles at 1*s.* 6*d.* each instead of at 1*s.* Consequently, to meet the already existing demand, there will now be offered for sale fifty articles at 1*s.* 6*d.* each, and fifty at 1*s.* And since people prefer to pay 1*s.* for an article rather than 1*s.* 6*d.*, there will be double the demand for these fifty British-made goods, and none for the fifty foreign-made goods.

The price of the British goods will therefore tend to rise and re-act upon the demand. But, if the Free Trade contention be right, unless the price rises to 1*s.* 6*d.* apiece, the foreign supply must necessarily be withheld from competition. There will consequently be a margin of $5\frac{3}{4}$*d.* above the former price of 1*s.* to be striven for by rival British manufacturers.

Now, if it paid the British manufacturer to make fifty articles and sell them at 1s. each, it will pay him still better to make 100 articles and sell them at 1s. each. Internal competition will therefore speedily arise which must result in reducing the price to 1s. once more, or even less.

In the absence of combines with the foreigner, the price can never rise to 1s. 6*d.*; and 1s. 6*d.* is the lowest price at which the foreigner can sell his goods without *himself* having to pay some part of the duty. When the price of the home article first begins to rise, the foreigner can compete only by selling at or below the increased price; and this he can do only by paying the difference between this price and 1s. 6*d.* himself.

In order, therefore, to sell his dutiable articles the foreign merchant will be forced to keep his price down to the price-level of the home article; and this he can do only by paying in the first instance part, and eventually the whole, of the import duty himself. The Free Trade contention therefore falls to the ground.

The foreigner, in fact, is faced with an alternative choice. He can either cease to compete altogether, and divert or reduce his output; or he can continue to compete—if for other reasons he deems the market worth the retaining — by charging higher prices elsewhere, and dumping his surplus supplies here at a loss. These are the alternative choices which, in point of fact, are frequently left to our own manufacturers, prior to their

being finally squeezed from out some foreign market.

When we leave the realm of hypothesis and descend to the examination of ascertained facts, we find abundant evidence to show that some proportion of an import duty is frequently paid by the foreign producer.

Unfortunately in the following examples the Britisher has been the "foreign producer" to be thus prejudiced.

Mr. H. H. Wills, presiding at a Tariff Reform meeting at Redhill, on November 22nd, 1909, explained how his cigarette business in Japan had been injured by a 40 per cent. import duty. In flagrant violation of the cherished Free Trade maxim, this duty failed to permit of a rise in the price of his cigarettes; so, in order to continue his sales, he had to pay the whole of the duty himself and cut profits to practically nothing. The Japanese, however, finding he still meant to retain the trade, increased the duty to 100 per cent., which completely killed the business.

Mr. Archibald Coats has given a similar account of his experiences. On December 2nd, 1909, at Glasgow, he said:—

"Theorists will tell you that it is inevitable that the consumer pays the import duties, but that has not been our experience. There are many important markets where local manufacturers are protected by import duties, and in which we have for over twenty years had to submit not only to a gradual reduction of turnover, but also to greatly reduced profits, as we

could not increase our prices by the amount of the duty, neither could we afford to lose the business altogether."

The above are selected from a number of proved cases, and are of value in refuting and, as we hope, finally disposing of this most mischievous Free Trade assertion.

The modern Free Trader would have one believe that those countries which restrict their imports by levying import duties are slowly but surely consuming their very life's blood.

Yet, what exceedingly healthy growths these same countries display on emerging, phœnix-like, from the ashes of their voluntary funeral pyres! There is no denying it, they come out stronger than ever! And the stronger they come out, the more do they heap up the coals—the import duties.

Japan is by no means a rich country, but she possesses a wealth of energy and muscle. She is determined to do her work herself, instead of paying good wages to foreigners for doing it for her. She therefore talks of raising her tariffs; with the result that we find she intends to keep out our cotton manufactures.

Now, if the Free Traders were right, we should have nothing but praise for this new tariff; for it must mean higher prices for our goods, while the increased duties would be paid wholly by the Japanese consumer. Curiously enough, however, the Free Traders are now saying—what in fact is perfectly true!—that the effect of the new Japanese

tariff will be to exclude about £1,000,000 worth of our cotton goods from Japan! How do they account for this strange thing? They want to be right both ways! There is no denying it! The Free Traders are funny people!

The one conclusion capable of legitimate deduction from the Free Trade view of international trading is that the world as a whole is the ultimate coherent unit, for trading purposes. For it takes no stock of the different objectives the different nations are struggling to attain. Free interchange of all commodities is to be the order of the day; their values being reduced to a money equivalent, and measured in terms of gold. No distinction is to be recognized as between commodities in different forms; inquiry leading always to the same *cul-de-sac*, the mere comparison of respective money-equivalent values and reduction to a common money basis. The nearest approach to this state of things might be sought within the confines of an ideal social community, wherein the energies of the population, to whatever degree differentiated, were functioning only to promote the common weal.

Under such conditions, it would cause no anxiety to the manufacturing populace that they were dependent upon those functioning as producers of the food requirements of the entire community. There would then be no conflict of interests. Mutual interdependence would be the recognized law; and each member would

have assured to him his proper share of the divisible wealth of the whole.

The world, however, never has been, is not, and never can be, a social unit in anything approaching this sense of the word.

It must always be composed of different races, whose interests are vitally antagonistic; whose objectives can be realized only at the expense of others less successful—if not less worthy.

Each country, empire, or political system is, and ever must be, an independent economic unit; and as such, the interests of each must be separately considered.

From the point of view of England's good, it makes a vast difference whether the Britisher is in receipt of wages, or the foreigner. If, on the other hand, the world were an ideal social unit, with complete solidarity regulating the functions of each integral part, it would be immaterial, as affecting the ultimate objective, whether the Britisher or the foreigner were employed.

Similarly, it makes a vast difference to us whether we regularly get our food requirements, or whether they be diverted elsewhere. The knowledge that millions of foreigners were being well fed and cared for abroad would bring but small comfort to millions of Britishers on the point of starvation here.

The security of our food supply, and of a sufficient outlet for our national energies, are considerations of the most vital importance to us. We must

therefore see to them ourselves, and not rely upon the magnanimity of foreign nations to safeguard our interests for us. We must remember that commerce is a fight; and that competitors are enemies.

Our food supply is our first essential need; and in order to secure it we must possess the requisite purchasing power; and this, again, depends upon our remunerative employment. Consequently, although at the present time we can purchase our necessary food supply with the rewards of our industry, we must anticipate the day when the food-supplying countries will have ceased to require our manufactured commodities—when consequently the rewards of our industry will be diminished—and at the same time will have no surplus food available for export.

Our interests can best be served by putting it beyond the power of foreign nations to withhold our daily food; and this can be done only by co-operation with the Colonies.

* * * *

Tariff Reform has always had arrayed against it the full force of the hereditary Free Trade school, the Socialists, and also, as a matter of temporary tactics, the Irish.

Added to these, there is the further dangerous element in the increasing number of irreconcilables—people who regard the rich, or moderately well-to-do, as their natural enemies, whose reason is warped by unreasoned class-hatred.

These postulate the equality of all men. They discern the obvious inequality; and rage against the inequality, instead of seeking the cause and endeavouring to modify it. To this class of discontents, nothing can be expected to appeal but a policy of depredation and rapine.

To these, the blandishments of Socialism have always seemed to hold out more promise of plunder than any other recognized *régime* ; and, with the advent of Tariff Reform, the realization of the Socialistic Ideal would appear to be still further delayed. They are pledged, therefore, to keep open the Free Trade door, pending the attainment of their ultimate objective—Socialism.

Plundering the rich—an occupation possessed of peculiar fascinations from the earliest dawn of history—would appear to have lost nothing of its inherent attractiveness with the mere progress of time.

To the evolutionist, nothing can appear more atrophied or grotesque than the belief that all men are equal. History and science combine to refute it at every turn, and yield us instead the true key to the many problems that beset us—the relation of Cause and Effect.

" Shallow men believe in luck, believe in circumstances . . . Strong men believe in cause and effect." This truism, so widely recognized by the intellectual giants prior to the Christian era, should have needed no Emerson to point the truth afresh.

In the intelligent application of this philosophy alone may we hope to account for the many anomalies, and explain the apparent injustices, which must otherwise appear to us the wanton dictates of a hard, capricious Fate.

It has been said that Tariff Reform is a policy calculated primarily to improve the condition of the British working man. The following considerations indicate the justification of this claim. Of our total population 56 per cent. are wives, children, and others without regular occupation. Of the remainder:

Per cent.

56 (*i.e.*, 10·64 millions) are industrials.

12 (2·34 millions) are engaged in agriculture and fishing.

14 are domestics.

12 are engaged in commerce.

6 are professional men.

Thus, if only the thirteen millions engaged in industrialism, agriculture, and fishing can be materially benefited by a change in our fiscal system, it will mean a considerable gain to the welfare of the community at large. But it is the purpose of the following pages to demonstrate that wage-earners all along the line will be benefited by having their purchasing power, both relative and absolute, increased.

The only class that might stand to lose under Tariff Reform would be the moneyed class or "Idle Rich." These, living largely upon their foreign

investments, would receive no corresponding increase in their dividends to set off as against the higher prices they would be called upon to pay for their *luxuries*. Though, in view of the increased prosperity of the community as a whole, even they would benefit in consequence of reduced taxation.

It is a mistake to regard cheapness *per se* as the panacea for all economic ills; and equally a mistake to view dearness as the proximate cause of those ills. What one has to look at is the *cause* of the cheapness or dearness. If things are cheap because they are being made by sweated labour, the community as a whole must suffer in spite of, no less than because of, such cheapness. If, on the other hand, cheapness is due to larger turnover consequent upon increased scale of production, the community as a whole must benefit thereby. So dearness, if it result from monopolist trusts and combines, is a bad thing for the community, for it means an artificial dearness, due not to the ratio of demand and supply, but to the greed of the directors of the ring. But dearness resulting from the ratio of supply and demand is not necessarily bad, for it means more employment and higher wages for the co-producers.

One might take India and the United States as living examples of cheapness and dearness. In India things are cheap, and labour costs but a few pence a day. In the United States

things are dearer, and labour costs several shillings a day. Nevertheless, the wage-earner is better off in the States than he is in India. His standard of living is higher, and some of his wants and necessaries cost more; but he has more money to buy them with; and, having bought them, is left with a bigger surplus to put by for a rainy day.

The important question is, under which system, Free Trade or Protection, have you managed to put more money by after satisfying your requirements? Consider the position of a man out of employment here, as contrasted with that of an unemployed workman in the United States.

When the Britisher is thrown out of work, he has no savings of his own to fall back upon, but is forced to rely on the dispensations of an uncertain and ill-organized charity to tide him over till fresh work be found for him. In this country he lives on the narrowest possible margin. The position of the unemployed American, however, is very different. He has been receiving wages 50 per cent. to 100 per cent. higher than his British cousin, and his foodstuffs cost him less. He lives therefore on a wider margin, and is able to save a considerable part of his earnings. When he finds himself without a job, he can afford to wait and have a look round. If the prospect fails to attract him where he is, he can move elsewhere. He is not fettered like the Britisher in similar circumstances.

It is a common thing for Free Traders to mislead the British working man by telling him that the unemployed American is worse off than the unemployed Britisher, because food is dearer in America than here. This is a ridiculous contention, as a moment's reflection will show. We buy a great mass of foodstuffs from America ourselves; and pay the whole of the freight upon it. In America it must therefore cost less than it does here by at least the cost of the freight! Moreover, the American tariff on manufactured articles enables the Government to admit tea, coffee, and raw cocoa duty free.

* * * * *

The shipping industry is another problem that presents endless difficulties to Free Traders, and is a subject they have not failed to exploit for the purpose of perplexing the credulous Britisher.

They argue that by adopting Tariff Reform you will reduce the volume of your oversea trade, and thereby damage your shipping industry.

Strange, that cause and effect continue to react in exceptional manner whenever applied to British industries! If they seriously contend that Protection is going to damage our shipping trade, how do Free Traders account for the highly stimulative effect it is having upon the shipping trades of other countries? Yet we see that the shipping trades of Germany, the United States, and Japan—all of them highly-protected countries—have increased of late years at a much quicker rate than our own.

This is in great measure due to the magnanimity with which we have thrown open our own shipping trade to the unrestricted competition of the world. The Board of Trade has published figures (Cd. 4954) showing the net tonnage of sailing and steam vessels of British and foreign nationality entered and cleared in the coasting trade at ports of the United Kingdom. These figures show that between the periods 1880-84 and 1905-8, the British vessels have increased 48 per cent., while foreign vessels have increased 400 per cent. The foreigner is therefore usurping a larger share of our coastal trade. On the other hand, France, Russia, Italy, Spain, Portugal, and the United States refuse to allow British vessels to have the smallest share in the coasting trades of their own countries.

The Blue Book, moreover, shows the gross tonnage of new vessels launched (exclusive of war vessels) :—

—	Annual Average.		Increase.	
	1892-5. Tons.	1904-08. Tons.	Tons.	Per cent.
United Kingdom .	1,021,000	1,439,000	418,000	41
Germany ...	87,000	252,000	165,000	189
United States ...	85,000	352,000	267,000	314
Total World's Tonnage ...	1,299,000	2,407,000	1,108,000	85

These figures should serve to remove all doubts as to the cause of the relative decline manifested

by our shipping trade. They further clearly demonstrate that shipping industries prosper in the same way that all others do under the fostering influence of a Protective tariff.

We are faced then with the indisputable fact that the shipping industries of other nations are increasing at rates relatively much faster than our own. It would indeed be remarkable were it otherwise; but we must remember that the increase is relative, not absolute; and herein may we still discern some solitary seeds of comfort.

A child aged 1 increases in years at a greater rate relatively than a man of 50. In ten years' time the child is 11, and the man 60. The child therefore has increased in age 1,000 per cent., while the man, in the same interval of time, has increased but 20 per cent. So it is with our shipping industry. We cannot hope to increase our shipping as fast, relatively, as the rest of the world, whose wealth, and the magnitude of whose interests, vastly exceed our own. At the same time, by affording our shipping some measure of Protection, and insisting on British and Colonial goods being carried in Imperial ships, we could do more to retain our superiority than by pursuing our present spendthrift policy of throwing this important industry open to the unrestricted competition of the world.

The position, then, may be summed up as follows: We are losing our relative superiority in the shipping industry just as we are in every other

department of our national life, and we must resign ourselves to the certainty of losing it more and more. We cannot prevent other nations enjoying the advantages of carrying their own merchandise, but we can, by extending the principle of Tariff Reform to our own industry, prevent them from carrying Imperial goods, and thus secure for our own kinsmen the first cut at the carrying trade, in so far as it affects merchandise destined for any portion of the Empire.

The Free Trader and the Tariff Reformer view the situation from standpoints that differ fundamentally. "True," says the Free Trader, "we are in a sorry plight, but there's no help for it."

He realizes perfectly well that the ultimate source of our trouble lies in the employment of the foreign workman in preference to our own kinsmen. But he utterly denies that anything can be done to save the situation. He dismisses the problem of unemployment as incapable of solution, and attacks with renewed vigour the one problem he has mastered so well—plundering the prosperous. The fruits of this method mature more rapidly, and are more directly amenable to the stimulus of *touch*, than are the remedies of the Tariff Reformer: the creation of more divisible wealth, by the timely reorganization of existing industrial conditions.

By pursuing this course, and continually increasing the burden of taxation on the least resentful shoulders, the Free Trader hopes to keep

the latent revolutionary forces of the State in check for a little longer. One must credit him, however, with sufficient perspicacity to see that there must be an end to this process somewhere; and that the longer the vicious cause is allowed to operate, the more sudden and far-reaching will be the final cataclysm.

Perhaps the strangest anomaly that the Tariff controversy has brought into light is the position taken up by those Trade Unions that still adhere to the Free Trade doctrine.

Of all institutions in the world, one would expect Trade Unions to be Protectionist! Their main object is to protect the wage-level of their members. They fix the minimum wage, and the maximum output. Internally, they are staunch Protectionists: externally, they are rabid Free Traders. They fail to realize that their attitude is doubly destructive of their avowed purpose. Herein lies the anomaly. Members of a Trade Union are prohibited from working for a less wage than that fixed as the minimum by their Union. If they cannot obtain that wage, they are not allowed to work at all. In other words, the Trade Unions prohibit the manufacture of any given article within the community, unless a certain wage be paid to the worker employed. But they are absolutely powerless to prevent the manufacture of such commodity at a lower wage by a foreign workman abroad! Being Free Traders, however, they welcome the cheap foreign-made article which

is destined to compete with, and as certainly to oust, the product of their own members. Thus, while they prevent the manufacture of goods in this country at rates of wages lower than those they themselves fix, they have no objection to the goods being made under these low-wage conditions across a few miles of water-space, and then sent into this country to cut out the work of their own members! A more ridiculous anomaly it is difficult to conceive. In order to render their position logical, they should at all events defend the products of their own members against unfair competition from without, no less than from within. They ought, therefore, to be Tariff Reformers, and secure for their own members the first cut at the home market.

Contrary to the representations of Free Traders, Tariff Reform must result in cheapening foodstuffs; partly by substantially reducing the present import duties which the consumer now has to pay, and partly by giving an enormous stimulus to our home agricultural industry, through the imposition of a small defensive tariff on meat, vegetable produce, and fruits.

The desirability of cheap foodstuffs is unquestioned; but it is equally important that we should free ourselves from our present dependence upon the foreigner for the greater part of our food supply, by increasing the proportion of such foodstuffs grown at home, and within the Empire. This can be effected only through the medium of

a discriminating tariff, and by co-operation with the Colonies.

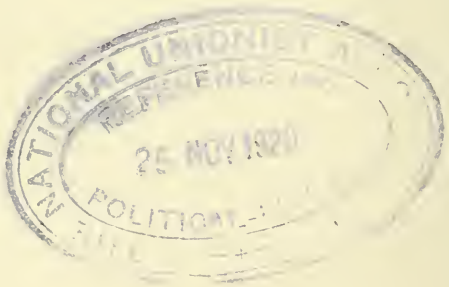
It is proposed to leave the important problems of wheat cultivation, home agriculture, and food supply generally, for special consideration in a subsequent chapter.

It will be the object of the following pages to review the broader features of our economic position and, perhaps at the risk of some repetition, to press home in each case the main arguments for the immediate necessity of Tariff Reform.

In this country it has become the fashion to talk in a loose, irresponsible way about the need of "social reform."

Any scheme for reforming our social conditions must begin by attacking the problem at the bed-rock bottom. It is futile to talk of social reform so long as 33 per cent. of our people are struggling with poverty that no alms-giving can possibly alleviate—poverty due, in the first place, to low wages and lack of employment. The first step towards a real improvement in the condition of these people must be to find them more remunerative employment, thereby inducing the only condition under which they can possibly look for a permanent improvement in their lot. This condition they can never hope to attain under our anomalous system of so-called Free Trade; the normal operation of which must necessarily deprive them more and more effectually of their natural means of livelihood. On the contrary, by

continuing along present lines we are steadily fostering the growth of those disintegratory forces the uninterrupted progression of which can but eventuate in the final shattering of the bonds of Empire.


NATIONAL UNIONIST
REFERENCE
25 NOV 1920
POLITICAL

CHAPTER II.

TARIFF REFORM AND INDUSTRIALISM.

THE main objective of Tariff Reform is the defence or protection of the nation's chief asset—Labour.

It is no part of the scheme, however, to bolster up by means of protective tariffs industries that are unsuited to the conditions of this country. What we are in need of is an adequate measure of protection against that class of foreign labour that competes with the labour of our own people. Such labour, on the other hand, as in character is "non-competitive" or "complementary" must as a general rule be admitted duty free.

For instance, we grow in this country neither cotton nor cocoa. Consequently, the foreign labour involved in the production of these commodities is of a non-competitive character. Moreover, cotton and cocoa-beans are the respective raw materials of certain British industries which long ago assumed gigantic proportions. The labour employed in their production is therefore "complementary" to our home industries besides being "non-competitive," and under Tariff Reform would be admitted duty free. If, however, foreign

391830

labour has been subsequently employed to induce mechanical modifications which could equally well have been effected here—such as the manufacture of cotton goods from the raw cotton, or chocolate from the cocoa-beans—such subsequent labour is clearly "competitive," seeing that the resulting cotton goods and chocolate come into direct competition with the like products of British labour. In order, therefore, to secure for our own workers the performance of these subsequent mechanical operations, the product of the foreign workman must be penalized.

The same rules apply in all cases of commodities which are essential to our home industries, but which nevertheless are likewise produced in this country.

For instance, hides and raw wool are essential to our tanning and woollen industries respectively. The foreign labour employed in their actual production is therefore "complementary" in character, and would be subject to no restriction or tax. Should the foreigner, however, transmute his hides to leather or his wool to blankets, the labour involved in these transmutations clearly competes with the labour of our own tanners and woollen manufacturers. In order, therefore, to secure for our own people the first cut at the home market, the labour-value of the leather and the blankets must be carefully estimated and accordingly taxed.

Other and considerable advantages will flow

from the adoption of Tariff Reform, such as welcome monetary contributions from the foreigner. But these must be regarded as merely secondary, or collateral, advantages; and must never for a moment be allowed to eclipse the main purpose of the policy. Mr. Chamberlain put the case in a nutshell at Greenock on October 7th, 1903, when he said:

"I am chiefly concerned for the workmen. I say to them that the loss of employment means more to them than the loss of capital to any manufacturer. Workmen cannot live upon their investments in a foreign country. They live on the labour of their hands."

And again:

"If your employment is filched from you, your loaf may be as big as a mountain and as cheap as dirt, but you will in the long run be the greatest sufferers."

Mr. Chamberlain fully realized the necessity of impressing upon the workers of this country the following important points:—

1. That the fund from which they make all their purchases is their wages.

2. That their wages depend upon their employment.

3. That their employment depends upon the sale of their product in preference to that of the foreigner.

It is with a view to securing the sale of their product that Tariff Reform steps in, and, by enlarging the markets for British produce, enables the Britisher to sell, and thus to retain his job.

Mr. Chamberlain's proposal, which is the backbone of the Unionist programme, was, and is, to levy duties averaging 10 per cent. upon all imported manufactures; the rate of duty to vary in each case with the amount of competitive labour represented in the value of the goods.

Bearing in mind that it is the labour of the foreigner which can be performed in England, and not the material of the foreigner, we seek to tax and thereby to dispense with, it follows that we might easily defeat our own ends by putting the same duty on goods requiring different amounts of labour.

For instance, it would be inadvisable to put the same rate of duty on a ton of steel rails as on a ton of needles; hoping thereby to achieve a like result. The home production of the two commodities would almost certainly fail to be induced thereby to a like degree.

In the case of the steel rails, the ratio of raw material-value to labour-value being relatively high, and the duty being *ad valorem*, a relatively large proportion of such duty would be borne by the raw material. In the case of the needles, on the other hand, the raw material-value is to all intents and purposes negligible as compared with the labour-value, or cost in wages of the labour—direct and indirect—necessary to convert the raw material into needles. Consequently, a relatively large proportion of the duty would relate to, and be borne by, the labour-value of such needles;

leaving a correspondingly insignificant proportion to be borne by the raw material-value.

In order, therefore, to exercise the same check upon the inflow of foreign competitive labour through the needle-medium as through the steel rail-medium, it would be found necessary to impose a substantially higher duty on the needles.

Hence, the duty which might be sufficient to insure the home production of all our steel rail requirements would probably give but a slight impetus to the home manufacture of needles.

It must be borne in mind that it is not the steel rails qua material that we wish to keep out, but the labour of the foreigner employed in their final fashioning.

The value of a commodity is composed of the value of the raw material contents, plus the value of the subsequent mechanical modifications. It is the subsequent mechanical modifications, or *competitive* labour, that we wish to keep out; and for this reason, that we aim at having it done here by the British workman, instead of paying the foreigner to do it for us abroad.

Tariff Reform aims, then, at taxing foreign labour; or, what amounts to the same thing, taxing the wages paid to the foreigner for doing work which the British workman could have done equally well had he been given it to do, but which he was necessarily prevented from doing by the importation and sale of the foreign article.

Inasmuch, therefore, as the rate of duty on any

given commodity would be defined by the amount of competitive mechanical modification that commodity had necessitated, the effect of a discriminating tariff would be to induce commodities to come here with the least possible modification of their materials from their natural state, or *first movable form;* the subsequent modifications being thereby secured for the performance of our own workmen.

In the formation of a scientific scale of tariffs, it becomes the function of experts to adjust each tariff to the competitive labour-value attaching to any given commodity, and carefully to avoid relating such tariff to the value of the material in its unmodified condition.

Thus, in the above example, the value of the iron ore necessary for the manufacture of the steel rails or the needles would be admitted duty free; the complementary labour involved in its production passing undiminished through the meshes of the discriminating tariff. But in so far as competitive labour had been employed, first to convert the iron ore into steel, and thereafter into rails or needles, it becomes the function of a discerning tariff to reject such labour.

The same principle applies to all other competitive goods. In the case of cotton goods, for instance, the relatively inelastic value of their raw cotton contents would be admitted free; but the relatively elastic value of the competitive labour involved in the subsequent manufacture of such

cotton would be taxed, so as to induce its performance by British operatives who would otherwise lose their occupations.

And inasmuch as these taxes must necessarily operate in selective manner, they would reject with proportionate completeness all the higher-grade goods; and finally permit the cotton to enter free, only when indicating a total absence of competitive labour.

The reason that the iron ore contents and the raw cotton contents would be admitted free is that in this physical condition they are respectively in their first movable form, and only then become independent of specific spatial conditions.

The labour employed in the production of each is in character *non-competitive* and *complementary;* and, therefore, in accordance with the general rule, must be admitted duty free.

There are obvious objections attaching to the use of the phrase "*Raw Material.*" The word *Raw* implies a relationship, and is therefore incapable of exact definition. In every highly-finished article the joking Free Trader recognizes the "raw material" for something else. He tells you quite seriously that so highly elaborate a piece of mechanism as a watch is the "raw material" of the man who seeks to know the time!

We must therefore dispense with the phrase "raw material" as being perfectly innocent of meaning, except as indicating some relationship;

and in its place substitute "first movable form," which implies the absence of all but "complementary" labour. The latter description enjoys the additional advantage of unequivocality, and freedom from all ambiguity; whilst the attitude of Tariff Reform towards matter in such physical condition is no less clearly defined. As a general rule it is to come in free.

The whole object and purpose of Tariff Reform would be defeated were it to levy import duties upon "matter." It aims at securing an abundance of matter "in first movable" form in order to provide remunerative employment for our own people.

The more of the foreigner's material we can attract here in this desirable state, the more shall we benefit thereby; for it all means work for the willing British worker, and this again means more regular wages, and consequently more money to spend.

Moreover, by increasing the purchasing power of our own people, we are strengthening the home market for British goods, and keeping in this country the money that would otherwise go abroad to strengthen more and more the markets of our foreign competitors. A further advantage to be gained by acquiring a sufficiency of the foreigner's material in first movable form lies in the consideration that we shall thus be enabled to reserve our own supplies for a rainy day; when, either from the drainage of the foreigner's

resources, or his increased home consumption, those supplies are no longer available to external competitors.

As a general principle, then, commodities in their " first movable form " are to be allowed in free ; but as soon as competitive labour of any description has been expended upon them, and their condition has been modified thereby, they are no longer to be so admitted. The value of the work done, be it little or much, must be estimated ; and the goods themselves qua that work taxed accordingly. Nor should there be any peculiar difficulty attaching the assessment of the necessary tax. It must be sufficient to bring the price of the imported article at least to such level as will, when the value of the ingredients in " first movable form " has been deducted, provide a fund for the ample remuneration of all participants in the production of the article, having regard to the wage-level—in that particular trade—prevailing at the time.

Apart, however, from this main objective, it is contended that the adoption of a scientific tariff will enable us to modify our present basis of taxation, and relieve us in great measure of the taxes which, under our topsy-turvy system of Free Trade finance, we are daily paying in the guise of higher prices for important articles of food and comfort.

The following is a complete statement of the revenue raised in the United Kingdom in 1908-9

from the taxation of food, drink, and tobacco, and shows the extent to which we, the Free Trade community, tax ourselves in respect of these commodities:—

CUSTOMS.

	Rate of Duty.	Revenue.
		£
Sugar	1*s.* 10*d.* per. cwt.	3,166,000
Tea...	5*d.* per lb.	6,055,000
Figs, prunes, plums, rasins	¾*d.* ,,	355,000
Cocoa	1*d.* ,,	310,000
Coffee	1½*d.* ,,	185,000
Currants	2*s.* per cwt.	118,000
Chicory	2*d.* per lb.	48,000
Spirits, Foreign and Colonial	11*s.* 4*d.* to 12*s.* 6*d.* per proof gallon	3,961,000
Wine	1*s.* 3*d.*, 3*s.*, &c., per gallon	1,123,000
Beer	8*s.* per 36 gallons	23,000
Total import duties on food and drink ...		15,344,000

EXCISE.

	£
Beer	12,691,000
Spirits	17,456,000
Chicory, glucose, saccharin, and coffee mixtures	78,000
	£30,226,000

	£
Total Customs and Excise	45,570,000
Licences on sale of food and drink ...	2,205,000
Tobacco (Customs, Excise and dealer's licences)	13,956,000
Total revenue from food, drink, and tobacco	61,731,000

This statement speaks for itself, though attention may be drawn to the fact that £9,221,000 was the sum raised on tea and sugar alone—two most important necessities, which are consumed in large quantities by the poor—and a further sum of £2,021,000 on raisins, &c., cocoa, coffee, chicory, and wine, all of them valuable foodstuffs which are not produced in this country. This feature of our annual taxation is a particularly unfortunate one, for, as has already been pointed out, not one of the commodities enumerated above is to any appreciable extent produced in this country.

There being, therefore, no competing supply available from within, the whole of the import duties levied in respect of them have to be paid by the British consumer.

In spite, then, of the continued protests of Free Traders, and the so-called "Free Fooders," we are even now paying large contributions to the Exchequer in the shape of taxes on food.

Now, if the Free Traders were genuinely honest folk, one would expect to find them welcoming a scheme, such as Tariff Reform, which aims at

cheapening the people's food by the direct method of remitting a considerable portion of the present taxes. They appear, however, to be so ignorant of the Tariff Reform proposals that they persist in preaching that the price of food will be still further advanced under Tariff Reform.

The following is a list of the principal changes it is proposed to make, and the discerning reader will be left in no doubt as to the cheapening effect they must necessarily exercise upon current prices :—

1. To reduce by one half the existing duties on tea, sugar, and other important articles of food that are not grown in this country.

2. To levy an average 10 per cent. import duty upon the competitive labour-value of all imported foreign manufactures.

3. To levy a 5 per cent. import duty upon foreign meat, dairy produce, poultry, eggs, vegetables and fruit.

4. To admit maize free.

5. To levy an import duty of 2s. per quarter of 480 lbs. upon all foreign wheat ; while admitting Colonial wheat free.

As the result of these proposed changes the following benefits must flow :—

1. Considerably cheaper foodstuffs.

2. Protection of British agriculture.

3. Protection of British labour.

4. Stimulation of Imperial food-lands ; and closer union with the Colonies.

It is further contended that the initial loss to the Exchequer, resulting from the remission of the food taxes, will be more than compensated for by the many contributions payable by the foreign manufacturer in respect of competitive manufactures.

Those Free Traders who are accustomed to wring cheers from credulous audiences on expressing pious horror at the iniquitous suggestion of "taxing the people's food" would do well to consider the following table, which is of interest as showing the amount per head of population raised on food, drink, and tobacco in the chief commercial countries in 1905-6 :—

—	Food.		Drink.		Tobacco.		Total.	
	s.	*d.*	*s.*	*d.*	*s.*	*d.*	*s.*	*d.*
United Kingdom ...	6	5	17	5	6	2	30	0
France	8	3	9	5	7	8	25	4
Germany	9	10	4	5	1	5	15	7
United States of America	3	5	10	7	3	7	17	7

for it shows that in respect of these necessaries we, the Free Trade country, are taxed more highly per head of population than France, Germany, or the United States. And the reason of this is clear. Increasing sums are continually having to be raised to meet current expenditure, and since we scruple to tax the foreigner we are perforce compelled to tax ourselves. Under a system of Tariff

Reform, part of the burden of taxation will be shifted to the shoulders of the foreigner in precisely the same manner as part of the revenue of every protected country is at the present time being contributed to by the British manufacturer.

In order to fully appreciate the absurdities of our present Free Trade practice it is necessary to view it as a whole. It then becomes evident that we raise £61,731,000 on foodstuffs and tobacco, the whole of which the British consumer has to pay; while, at the same time, we admit £143,100,000 worth of foreign manufactures, free of any restriction whatsoever! These manufactures could nearly all have been produced in this country; and consequently, from the reasoning adopted in the first chapter, any import duties levied in respect of them would necessarily be paid in varying proportions by the foreign manufacturers.

The net result of the above analysis is to show that for purposes of revenue only—and not for the laudable purpose of stimulating home industry—we elect to tax precisely those commodities which are of such a nature as to ensure our having to pay the whole of the taxes ourselves!

Such is Free Trade finance!

So long as these methods prevail we must not feign surprise at the spectacle of an ever-increasing number of skilled and able-bodied British workmen perambulating the streets in a state of destitution, as a consequence of "their job having been filched from them."

Nor must we forget that the relief of these unemployed falls as an additional burden on those who have been fortunate enough to secure and retain a job.

By thus allowing foreign competitive labour to enter our home markets free from all restriction or tax, we are subjecting our workers to the ever-intensifying onslaught of the entire manufacturing world. We start at an initial disadvantage with those countries whose standard of living is lower than our own, whose workers work longer for a smaller wage, and can barely hold our own as against the United States, where the standard of living is higher than it is here, but where, by virtue of more perfect organization and continually increasing scale of production, the cost of production is being steadily lowered, while the scale of wages is at the same time rapidly rising.

It must be a matter of never-ceasing wonder to Free Traders that all our manufacturing rivals, who at the present time are flooding our home market with their surplus goods, and elsewhere are frantically bidding for preferential treatment in the protected markets of our Empire oversea, are themselves highly protected. That is to say, they are secured from foreign competition in their respective home markets, through the agency of carefully adjusted tariff walls.

And why not? The very fact of having their respective home markets secured to them by means of protective tariffs enables their manufacturers

to sell their surplus output at less than cost price. They can thus undersell the British manufacturer, who, under a system of free importation, has no such security assured to him, and whose scale of production is stationary, or diminishing, in consequence.

Under a system of Protection, the price paid by one country for the entry of their manufactures to the home market of another country is, in fact, a substantial contribution from the wages paid for the mechanical modification involved in such manufactures. This contribution incidentally assists in the alleviation of those workers who have lost their employment or remained unemployed as a consequence.

Protected countries, in short, levy import duties upon all foreign competitive manufactures sent into their markets, so adjusting them as to bring the price to such level as will, after the bare cost of material has been deducted, provide a fund for the adequate remuneration of all participants in the work, having regard to their then standard of living.

So careful are these tariff adjustments that many British firms of high standing have been forced to leave these shores, build factories, and employ labour in a foreign country, in order to maintain their hold upon those markets. In this way they have also been enabled to gain access from within to foreign markets they found unassailable from without.

While other countries have thus progressed by leaps and bounds under the protecting influence of tariff walls, we have persevered along so-called Free Trade lines until, by dint of process gradual and insidious, our relative position with regard to the rest of the world has been very seriously prejudiced.

We, who formerly provided the world with the manufactures they required, are now being supplied by them instead, while our manufacturing rivals are at the same time rapidly supplanting us in each other's protected markets. As a result, industrialism in this country is experiencing very serious checks.

What a different state of affairs is revealed when we come to examine the position in protected countries, such as America!

As regards the results of the Payne Tariff, Vice-President Sherman, speaking at St. Louis, April 25th, 1910, said:

"I believe it will not be questioned that the return to a full volume of employment has been pronounced. It will not be questioned that all our artisans and mechanics are busy, and that, with few exceptions, all our working men are well employed; and not only employed on full time but at the highest wages in our history. Hardly a day passes that we do not note the increase of wages granted by some railroad or some industrial enterprise, and it is estimated that the advance in wages which will be granted this year will equal the stupendous sum of five hundred million dollars (£100,000,000)."

One of the stock Free Trade objections to Tariff

Reform is that you cannot by means of a tariff increase your revenue and at the same time protect your home industries.

This is one of the many Free Trade assertions which appear inspired, but are refuted by facts.

Vice-President Sherman went on to say:

"During the fiscal year to date, our receipts have have been over 50,000,000 dollars (£10,000,000) more than during the corresponding months of last year. . . . Our imports during the first eight months of the present fiscal year exceeded those of the corresponding months of the last year by over 200,000,000 dollars, or at the rate of over 300,000,000 dollars (£60,000,000) a year. The increase in the imports of foodstuffs is immaterial, almost the whole increase being in manufactures and material for use in manufacturing."

The Payne Tariff, therefore, has solved the problem of unemployment by providing employment for all willing workers. It has stimulated every home industry, and has also provided a large monetary contribution from the foreigner. These are precisely the results which are confidently expected to flow from the adoption of Tariff Reform in this country.

In the face of ascertained results such as these, how can it ever again be seriously contended (1) that you cannot at the same time derive revenue and benefit your home industries by the imposition of tariffs, or (2) that import duties restrict your imports and thereby stifle your exports? And yet these two fallacious assertions are responsible for much that is unreasoned in the logic of Liberal Ministers.

The foreigner, who is vitally interested in the outcome of the fiscal controversy, notes our uneasiness and tells us not to worry. "We are making things so nice and cheap for you," says he, "all you have to do is to buy." That is the kind of consolation concocted for the worker, and the proffered sop to the British manufacturer.

It is important for us to realize that the secret of our relative retrogression lies in the success with which the foreigner continues to oust us from our premier position as world's supplier.

For this state of things there can be but one solution—Tariff Reform.

In view of the enormous industrial development of our manufacturing rivals—due in each case to their adoption of a protective policy—it is imperative that we lose no time in following their example, and thus bringing ourselves into line with the foremost nations of the day. Further delay may prove disastrous, and leave us no outlet for our national energies except to make ready for the crisis that industrial ruin and financial chaos must inevitably bring.

There will then be "nesting" with a vengeance; and woe betide such hen-roosts as Mr. Lloyd-George may have chanced to overlook!

While the foundations of our social fabric were beginning to totter beneath the unequal strain, immediate relief would doubtless be sought in making further inroads upon our capital; a spend-thrift policy fraught with all the dangers of

Socialist finance, and involving the drainage of our national resources; the appropriation of the landed estate; the further heaping up of the death duties; and the unchecked raiding of the Sinking Fund.

These expedients—though quack specifics of the veriest description, and temporarily functioning as apparent alleviatives—could not fail in the long run to sorely aggravate the real disease.

The step which necessity would next dictate must be the forced lowering of our standard of living; the endeavour, as Free Trade exponents frequently suggest, to compete with the foreigner by working longer hours, and for less remuneration.

This lowering the standard of living, however, is a sure sign of national decadence, and it is a pity that the workers of this country have failed to recognize how irresistibly the arguments of Free Traders point to it, as the only method of competing with the aggressive enterprise of our competitors abroad. It is perfectly clear that, in view of the expansion of our rivals into our external markets, we should stand but little chance of succeeding by any of these methods; and, overcome by cumulative competition, should rapidly sink to a nation of industrial derelicts and wasters.

With taxation ever on the increase, there must be an ever-quickening migration of men and money to more congenial climes; to countries where man's energies may find a better market,

and his savings fructify in greater and more profitable security than here.

This process, though in fact nothing more than the direct effect of the operating cause, must react to the enormous benefit of our foreign rivals; strengthening and expanding their home markets, and helping to develop their natural resources, in direct competition with our own.

It is contended, however, that the above forecast may be indefinitely postponed by the timely adoption of Tariff Reform.

The effect of a tariff policy would be to tighten our home market against the foreign manufacturer; and, by securing a permanent preference in our Colonial markets, enable us to increase our scale of production at home, and provide more remunerative employment for our industrial workers. The price of food, in consequence of the proposed remission of the present duties, would be considerably lowered; while, as a collateral benefit flowing from Tariff Reform, the national Exchequer would at the same time be enriched at the expense of those enterprising foreigners who desired still to retain our custom.

We have seen the realization of this collateral effect in the working of the Payne Tariff in America; and there can be no reason to anticipate a different result from the adoption of Tariff Reform in this country.

In many cases the foreigner would elect to forgo part of his present profits rather than adopt

the only alternative open to him—that of shutting down part of his works, reducing his output, and thereby increasing his costs of production.

It can never be too strongly insisted that it is the very fact of his being able to cater for the British Free Trade market, that enables the foreign manufacturer to work on a scale that would otherwise be quite impossible. And scale of production is often the chief determining factor in the important consideration "price."

The German manufacturer, for instance, has the whole of the German market safeguarded against foreign competition, through the instrumentality of tariff walls.

That is to say, he enjoys the first cut at his own home market of 62,000,000 human beings. But he is also in open competition with the rest of the world as regards the Free Trade British market consisting of another 44,000,000. Consequently, he can lay his plans for providing manufactures to at least 106,000,000 human beings. His costs of production are therefore lower, by reason of his free access to our market, than would be the case if his scale of production were defined by the wants of the 62,000,000 of his own fellow-countrymen.

The British manufacturer, on the other hand, is handicapped in two ways. He neither has his home market of 44,000,000 people secured against the invasion of foreign — and in many cases sweated—goods; nor is he provided with the luxury of some external Free Trade market

wherein, if necessary, to dump his surplus output. He is consequently prohibited from laying his plans for working on the same scale as his German rival.

This disability has hitherto been in great measure set-off by the preferential treatment accorded to our manufactures in the protected markets of our Colonies; though, in the absence of any lasting agreement with them, we cannot count upon the indefinite continuance of this preference, which up till now has been of a purely gratuitous kind.

With regard to the collateral advantage of money contributions, it is impossible to hazard even an intelligent guess at the sums that would be forthcoming under Tariff Reform. They would depend upon the imports simply and solely; and it would be impossible before actual trial to know how these imports would be affected from year to year.

Reasoning by analogy, it is more than likely that there would be no shrinkage at all as regards their actual value; any decrease in the competitive imports being compensated by an increase in the complementary non-competitive manufactured imports. Here again we have a valuable precedent in the effect of the Payne Tariff, which, as already stated, has induced an increase of manufactured imports into America to the value of about £60,000,000 per annum.

In the year 1908 we imported articles, wholly

or mainly manufactured, to the value of £143,100,000.

The proposed average 10 per cent. duty, if applied to this sum, would have realized £14,310,000; an amount not far short of the £15,344,000 we paid in duties on our imported food and drink in the same year!

It is worth while, however, to grasp the full meaning of these imports, viewed in relation to the welfare of the country as a whole.

These manufactured articles were sent us in liquidation of an external debt to ourselves, represented by a money-value of £143,100,000.

The greater part of their value consisted in their component labour-value—*i.e.*, the wages spent in mechanically modifying their ingredients from "first movable form." In accepting these goods in payment of our debt of £143,100,000 we were therefore content to receive perhaps £50,000,000 worth of unmodified material, plus services of foreign workmen to the tune of another £93,100,000!

If, however, by the incidence of a tariff we had induced payment in the form of unmodified materials only, we should have received £143,100,000 worth of commodities in "*first movable form*," and have sacrificed nothing for any subsequent services of the foreigner. This bulk of material would subsequently have undergone the necessary modifications in this country, and have provided remunerative employment for a host of British workers.

Further, if we assume that the proportions of raw-material-value and subsequent-modification-value are constant, it follows that, in the subsequent modification of £143,100,000 worth of material in first movable form, a sum of about £266,000,000 would be divisible in the form of wages, &c., amongst the British co-workers employed! Whereas, under the exchange as effected, nothing was in fact payable to any British co-workers, since the necessary modifications had been already effected by foreigners abroad, who had received £93,100,000 therefor.

This example serves to indicate the magnitude of advantage a country derives from the employment of its own workers, in preference to those of some foreign nation.

Consequently, so long as there are any unemployed Britishers left, the gain to the community as a whole will be far greater if the foreigner be induced to pay his debt wholly in unmodified material, than if he elects to keep his own work-people fully employed, and pay the 10 per cent. duty for admittance to our markets. His election, however, is simply the result of a business proposition. If, therefore, the 10 per cent. duty fails, wholly or in part, to induce the necessary modification in the nature of our manufactured imports, it may be necessary to increase it, until the desired result be achieved.

This is precisely what every Protected country is doing to-day.

The following equations may serve to render the position more clear :—

Let z represent the external debt due to ourselves ; x and y representing the raw material-value and the competitive labour-value respectively of the imports received by us in liquidation of that debt.

Now, the form of arrangement naturally preferred by the foreigner is represented by $(x + y) = z$; and the bigger the factor y, the better is the foreigner pleased ; for it means that he is sending us more of his labour and less of his material.

But being the creditors, we are in the master position, and through the influence of a tariff are enabled to exert pressure to bring about the rearrangement most expressive of our own interests, *i.e.*, $x = z$; which indicates that the whole of our debt is being liquidated in *material* only, and that nothing is being sacrificed in the form of foreign wages. This tariff may be expressed by a, a duty varying with y.

The equation then becomes $(x + y) + a = z + a$, indicating that the foreigner must now pay a tax in addition to his original debt ; and this tax will continue to remain payable so long as he elects to preserve the factor y.

Now, since a can be made to vary directly with y, and means dead loss to the exporting country, there must be a strong inducement to diminish y and increase x. The rate of this change depends upon the magnitude of a ; and when $a = y$ the

change must be instantaneous, or the foreigner will be giving us the benefit of his work for nothing. In order, therefore, to free himself of the duty a, in the equation

$$(x + y) + a = z + a,$$

the foreigner must remove y also. The equation then becomes $x = z$, which is the result that Tariff Reform seeks to bring about, for it represents the payment of our debts by the foreigner wholly in matter unmodified, and free from all foreign competitive labour.

We could scarcely fail to benefit by the imposition of a 10 per cent. duty, whether such duty caused a modification in the form of our imports or not. For if there were no resulting modification the Exchequer would benefit by a considerable money contribution from the foreigner; while if there were decided modification, the money contribution might be less, but the employment in this country would be correspondingly increased; and this latter alternative would be by far the more valuable gain of the two. It is at this point that the infallible Free Trader puts forward his time-worn objection: "But if by an import duty you are going to restrict your imports, you will thereby raise the price to the consumer."

Could any supposition seem more reasonable? On the face of it it looks a certainty! But, as one finds with the three-card trick, the certainty begins to vanish when you come to look into it.

In the first place, the results of the Payne Tariff

have already proved the premise to be utterly false. That is to say, an import duty does not necessarily restrict imports. If, as happened in America, the effect is to bring about a modification in the nature of the imports, the Free Trade contention falls to the ground.

In the second place, the conclusion is a patent *non sequitur*. It begs the whole question!

The premise negatives the well-known fact of "dumping"; a process—largely a function of scale—that enables the foreign manufacturer to send us his surplus goods, selling them here at even less than the mean price which yields a profit on the whole output! He is able to sell them here below apparent cost price *because* he is content with the mean profit he is making on the whole sale.

An import duty would assuredly put a stop to dumping, or else bring down the twofold blessing of cheap goods and at the same time large money contributions from the foreigner!

But apart from dumping, it may, and frequently does, pay the foreign manufacturer to forgo part of the profit he has been making, in order to sell his goods at all, and retain his hold upon our markets. Examples have already been given where British manufacturers have been forced to adopt this very course, in order to save the greater loss which would have resulted from their complete withdrawal from the foreign market.

The conclusion arrived at, on the other hand,

i.e., that an import duty raises the price, necessarily implies that, however great might be the demand for a certain article, our home manufacturers would remain idle after the foreign supply had been withdrawn, and make no effort to meet it. It is at once conceded that if this were the result the price must necessarily rise; and this again would react in restricting the demand. But surely it is more reasonable to suppose that the home manufacturers would exert themselves to meet the deficiency caused—if the premise were true—by the astringent effect of the duty! They would promptly reopen those factories which the free importation of cheap foreign goods had forced them to close, and work full time in those that are working only half time now, and even so at a loss.

The local scale of production would thus expand to meet the already existing demand; costs of production would be reduced; and, as we have already shown, internal competition might be relied upon to prevent a rise in price.

There would be just as many hats made as before, and just as many people requiring them; the only difference being that under Tariff Reform they would all be made in British factories by British workmen, who alone would receive British gold in respect of them; whereas under our present system some are being made by the foreign workman abroad, and some of our hatters are deprived of employment in consequence

the wages they would naturally have received having been paid to the foreign hatter instead. Having thus laid bare the "malignant scheme of the Tariff Reformer," the object of Tariff Reform may be once more emphasized: To bring about more employment at home by penalizing the competitive labour of the foreigner.

Thus will the British manufacturer be enabled to increase his scale of production, and eventually pay higher wages as a consequence of his increased output.

Whether or not the price of an article would in fact be raised under Tariff Reform must depend upon the tariff adjustment in relation to that particular article, plus the resultant effect of the efforts to meet the increased demand from time to time displayed by the rival co-producers in this country; plus a variety of other circumstances unsuspected until they arise.

It is, therefore, a matter upon which it is impossible to dogmatise with any degree of confidence.

If the import duty on any given article be so adjusted as to enable that article to be made wholly by British labour, without at the same time enabling the manufacturer to raise his price, the community will be the gainer by so much extra employment, without being called upon to contribute towards the gain themselves by paying a higher price for the article made.

But even if the adjustment be such that the home manufacturer is able to, and does in fact,

raise his price, it is idle to contend that he will benefit to the exclusion of his employees.

It must be remembered that the manufacturer and his workpeople are co-producers. The fund from which they both receive their remuneration is, in a flourishing concern, the sale price of the articles they produce, multiplied by the number of articles they sell. Free Traders seem to think that the fund from which wages are paid is some mystic and inexhaustible bag of gold that the greedy, and invariably wealthy, manufacturer keeps hidden under the bed! They imagine, further, that it is only a matter of applying sufficient pressure, to wring the manufacturer sponge-wise, extort more gold from his invariably ill-gotten hoard, and thus bring about the much-desired rise in their wages! It never seems to occur to them that the manufacturer may have put all his capital into the enterprise already, and depends for their wages and his own profits upon the successful working of the concern!

When, owing to restricted sales, the available fund is low, there is a less sum to be divided amongst all the co-workers in the form of wages and profits, after the necessary deductions for renewals, upkeep, depreciation, insurance, interest, &c., have been made. But when, owing to ready sales, the fund is large, since these charges do not increase proportionately, there is a bigger surplus available for distribution amongst all the co-workers.

It is the function of the Trade Union then to see that the wage-earners get their proper share. To them must be left the delicate task of discrimination — to determine how many of the golden eggs they may safely remove without unduly frightening the golden goose.

It stands to reason, then, that a rise in wages can only be looked for when this divisible sum is large; and not when, as at the present time, it is shrivelling to positive extinction.

Free Traders admit that the home manufacturer would benefit under Tariff Reform; but they say he would keep all the profits himself, and that the wage-earner would consequently be no better off than he was before.

This characteristic method of disposing of the entire question unfortunately overlooks the existence of the Trade Unions, whose very object it is to obtain for their members the best wages that circumstances allow. What they have to guard against is endeavouring to force a rise in wages when circumstances do not admit of it.

The interests of the manufacturer and the employee are mutual as regards the creation of wealth, and only become antagonistic when that wealth comes to be divided.

Unfortunately current Labour Philosophy, ploughing blindly along in the disruptive wake of Karl Marx, completely fails to recognize this mutuality of interests. Wage-earners are still taught to regard the employer as their sworn enemy.

As soon as wealth has been created by the combined efforts of both groups of workers—wage-earners and employers—by all means let both struggle for the biggest share they can legitimately claim. It is, however, the height of folly to refuse to create any wealth, lest the other side get a bigger share of it than you think he is entitled to!

It is contended, then, that workers must benefit under Tariff Reform, whether as a result of Tariff Reform the manufacturer is enabled to raise his price or not.

Tariff Reform must, therefore, be the best policy for the British working man. But in order to make it a working success it is absolutely essential that there should be more practical recognition of the community of interest as between the employer and his man. Reconciled, both can prosper. Apart, they can effect nothing.

In connexion with industrialism generally, scale of production in manufacture, or the principle that "The greater the scale of mechanical operations the greater is the per capita effect," is accepted by all schools of Political Economy.

Reduced to common parlance this means that given the necessary raw matter, as the scale of manufacture increases, the number of articles produced in a given time by a given human effort increases in still greater proportion.

The advantage of increasing his scale of operations is always present to the mind of the

manufacturer. It is the keynote of the success of our commercial rivals: the lack of it is the proximate cause of our own industrial stagnation. But it requires, for its successful realization, access to markets sufficiently wide to absorb the resulting products.

In the absence of such markets it is impossible to increase scale of production without encountering that bugbear of every manufacturer—accumulating stocks, and "dead money."

If the manufacturer is being squeezed out of his markets he is forced to reduce his scale of operations. This diminishes the *per capita* output, and increases his cost of production. To relieve the situation he is obliged to discharge some of his employees, or adopt the extravagant alternative of working short time.

But even so, the process recurs, unless fresh markets are available for his wares, until he is eventually driven to cut short his losses, recover what little he can from the wreck, shut down his factories, and seek fresh enterprise elsewhere.

The key to the whole economic situation in this country lies in the relative shrinking of our markets, both at home and abroad. The result is clearly visible in the increasing numbers of skilled workmen thrown out of employment, and the stationary wages of those that remain. Under the stimulating influence of a protective tariff our markets must tend to expand, and the more they expand, the

more employment must be forthcoming for the British worker.

Tariff Reform is concerned with precipitating this result; and, by assisting the manufacturer to increase his scale of operations, with enabling him to make bigger profits: whence alone the worker may look for an improvement in his lot.

It follows, then, that for the healthy life and growth of a great manufacturing community, like ourselves, unhampered access to ever-expanding markets is a first necessity of the utmost importance. A review of our present condition, however, betrays the existence of a number of influences co-operating to produce the opposite result, the relative stagnation of industry, due to restriction of markets. Those markets to which in our industrial prime we had unchallenged access are now barred against us by a system of hostile tariffs: our supremacy in the neutral markets of the world —*e.g.*, China and South America—is being undermined: our home market is being invaded under our very eyes, while even our Colonial markets are at present unsecured.

The following figures are of interest, since they show the rate at which Germany and the United States are overhauling us in the neutral markets. They give the comparative exports, and are taken from a Government White Paper, No. 351, issued by the Board of Trade in August, 1907:—

1. EXPORTS TO CHINA (INCLUDING HONG KONG).

Average.	From U.K.	From Germany.	From U.S.A.
	£	£	£
1887-91 ...	8,627,000 ...	1,426,000 ...	1,858,000
1902-6 ...	12,803,000 ...	3,445,000 ...	8,342,000
Increase ...	4,176,000 ...	2,019,000 ...	6,484,000
Per cent. ...	48·4	141·6	348·9

2. EXPORTS TO ARGENTINA.

Average.	From U.K.	From Germany.	From U.S.A.
	£	£	£
1887-91 ...	7,446,000 ...	2,011,000 ...	1,300,000
1902-6 ...	11,432,000 ...	5,139,000 ...	3,904,000
Increase ...	3,986,000 ...	3,128,000 ...	2,604,000
Per cent. ...	53·5	155·5	200·3

3. EXPORTS TO ALL SOUTH AMERICA.

Average.	From U.K.	From Germany.	From U.S.A.
	£	£	£
1887-91 ...	22,647,000 ...	7,135,000 ...	6,783,000
1902-6 ...	27,059,000 ...	13,086,000 ...	10,830,000
Increase ...	4,412,000 ...	5,951,000 ...	4,047,000
Per cent. ...	19·5	83·4	59·7

From these figures it is seen that we are rapidly losing our supremacy in the neutral markets; and this in spite of the cheering statistics with which the Free Trader is always carefully armed. At the present time, however, it is far more popular to talk about donkey flesh and Welsh disestablish-

ment than to vigorously attack the besetting problem of the hour, and seek means for definitely ameliorating existing industrial conditions.

Now it is sufficiently evident that by protecting our home industries, we might regain in some measure the position we formerly occupied in the home markets. Tariff Reform would increase our competitive power by enabling us to increase our scale of production; but could effect little, unaided, to secure elsewhere a sufficiency of markets for the absorption of such surplus products as must result from our renewed industrial activity. This great supplement to the Tariff Reform scheme is especially to be achieved by preferential trading with the Colonies.

The Colonies are endeavouring to do business with us. They offer us inestimable advantages in their industrial markets, in return for certain considerations, to be more fully discussed hereafter.

They can give us the one thing necessary to ensure the successful working of the Tariff Reform scheme, *i.e.*, the first cut at their industrial markets, as against the rest of the manufacturing world.

It is sheer madness to hesitate. We must accept the offer without more ado, lest it be withdrawn, and preference be given to rivals only too eager to benefit by our stupidity and too long continued sloth.

From the foregoing it will be conceded that our position at the present time is economically bad, and for the following reasons.

1. We levy duty on foodstuffs which cannot be grown in this country, and excise on some which can. These duties are consequently added to the price of the commodities, and have to be paid by the British consumer.

2. We admit foreign manufactures duty free, thus allowing them to compete on equal terms with our own. British labour is thereby damaged, and suffers in consequence.

3. Foreign competing markets are becoming more and more closed to our manufactures in proportion to their own increasing industrial development.

4. Our position in the neutral markets is being weakened by the increasing competitive might of our protected rivals.

5. We have as yet come to no lasting agreement with the Colonies.

It is contended, on the other hand, that these evils may be remedied, one and all, by the intelligent application of the twin policies Home Protection and Colonial Preference; while the revenue resulting from the incidence of the 10 per cent. duty will enable the existing duties on our foodstuffs to be halved, thus cheapening the necessaries of life.

The incidence of the twin policies must react in stimulating the demand for home employment, thus redounding to the immediate benefit of the British working man; while the manufacturer, secured alike from unfair competition at home

and in the ever-expanding markets of the Colonies, will himself become more prosperous, and eventually enabled to pay a higher rate of wage.

A further important point, that should command attention in these days of tariff wars, is the value of a tariff as the only efficacious weapon for negotiating commercial treaties with foreign Protected countries.

We ought, therefore, to lose no time in freeing ourselves from a disability under which we have already laboured too long.

Under our Free Trade system it is impossible to bring pressure to bear upon the foreigner who seeks to raise his tariff walls against us.

When this contingency arises, it is usual for expressions of pained surprise to emanate from certain quarters, and a desultory correspondence in the papers to ensue—a "milk and water" kind of protest. But nothing is done, and nothing can be done until we arm ourselves with the only effective weapon with which to fight our rivals. For commerce is a Fight, and the weapon of commercial warfare is the Tariff. There will be little room left for doubt upon this point when the new Japanese tariff has been in force long enough to convey its unmistakable lesson to Lancashire.

CHAPTER III.

THE FOOD QUESTION.

PERHAPS the most ominous feature of the present day—certainly one that fills the heart of every Tariff Reformer with genuine forebodings—is the degree of our dependence upon the kindly consent of the foreigner for the greater part of the very food we eat.

In the year 1908 we imported food and drink to the value of £240,000,000.

The following figures show the proportion of the principal articles of food that came from foreign countries:—

Of our imports of

	per cent.		
Wheat in grain	75·6	came from the	foreigner
Wheat flour	84·0	,,	,,
Dead meat	77·0	,,	,,
Butter and margarine	86·0	,,	,,
Eggs	2,171 millions	,,	,,

In the light of these figures it is evident that our daily existence is precarious in the extreme.

It must be borne in mind that all this food which foreign nations are sending us at the

present time, is merely such surplus as they do not yet require for their own consumption. It makes no difference that much of it is grown especially with a view of ultimate absorption by the British market.

These food-exporting countries are increasing in population at a prodigious rate, and before long will be requiring the greater part, if not the whole, of the present surplus themselves.

That this is no empty scare, but a very real contingency, the gravity of which is engaging the attention of leading Americans at the present time, is proved by the following excerpt from a speech by Mr. James T. Hill, when addressing a meeting of the American Bankers' Association at Chicago, on September 15, 1909. He said :—

"We have almost reached a point where, owing to increased population without increased production per acre, our home food supply will be insufficient for our own needs ; within ten years, possibly less, we are likely to become a wheat-importing nation. With our annual increase of over 1·5 per cent. in population from natural causes, and immigration that has not been less than three-quarters of a million any year since 1902, there will be from 2,000,000 to 2,500,000 more mouths to feed every year. Having in view this increase in population, the declining average yield per acre of cultivated land in the United States, after it has been farmed for a few years, the rise of per capita consumption, with a higher cost of living and the movement of the working population away from the land, the time is now approaching when we shall not only cease to be a wheat-selling nation, but will find it necessary to import a portion of what we consume."

In this speech Mr. Hill sounds a note of warning that we cannot afford to disregard.

We must prepare ourselves against this very real contingency, and take the necessary steps to avert all possibility of a food famine by shifting the source of our food supply from foreign territory to lands over which we can exercise some measure of control.

As the populations of the food producing countries increase, so will the bulk of their surplus supplies diminish, relatively to the increasing external demand; and consequently the more shall we have to bid for our own increasing requirements.

This clearly means that as things are at present progressing we must be prepared for *an unchecked rise in the price of foodstuffs.*

The remedy, however, is in our own hands, and depends partly upon the timely development of our Imperial food lands; and partly upon the intelligent application of Tariff Reform to our much neglected agricultural industry.

In this latter connection it is perhaps excusable once more to quote Mr. Chamberlain, who, after explaining his proposal in regard to foreign wheat, proceeded:—

"At the same time I propose a duty of 5 per cent. on foreign meat and dairy produce. I propose a similar duty on foreign poultry, eggs, vegetables, and fruit (cheers). I believe that these duties will help especially the small farmer. . . . When I consider that, excluding meat altogether, we are actually

importing at the present time something like £40,000,000 of dairy, vegetable and other by-products of agriculture, I cannot help believing that if we are to keep even a portion of that trade for our people, our own growers and labourers, we should do a great deal to make farming more profitable and to benefit the condition of the working man." — Welbeck, August 4, 1904.

Mr. Chamberlain omits all reference to the collateral advantage of a money contribution resulting from such duties, which, however, pending the achievement of the main objection, could scarcely fail to be considerable.

The value of our imports of food, drink, and tobacco from foreign countries alone amounted in 1908 to £190,000,000. A general 5 per cent. duty on this amount—the tobacco being negligible—would incidentally produce £9,500,000 pending the attainment of its protective aim—a useful little contribution from the foreigner that the Treasury would gladly acknowledge.

Here again the main purpose of the Protective duties is to induce the home production of an increased proportion of our food requirements. The attainment of this objective would carry far greater benefits to the community at large than any mere monetary contribution we might receive from the foreigner as the price of his admittance to our market.

We find, moreover, from an examination of "Agricultural Statistics" 1907, Cd. 4364, that during the period 1861—1907, our imports of

wheat and flour per head of population have doubled; our imports of butter and margarine have trebled; while our imports of meat per head of population have increased sevenfold!

Nor are the facts in respect of our wheat requirements any more inspiriting.

"Agricultural Statistics," 1907, Cd. 4264, show that the amounts of wheat and wheat-flour imported per head of population for the septennial periods from 1859 were as follows:—

	Lbs. per head.
1859-65	126
1873-9	200
1887-93	256
1901-07	294

These figures indicate a steady rise in our imports of wheat, while the following, taken from the same source, show the amount of wheat and wheat-flour grown at home over the following periods:—

	Lbs. per head.
1887-93	112
1894-1900	88
1901-07	75

These figures prove that per head of population, we are steadily importing more, and growing less of our wheat requirements; and further that four-fifths of the wheat and wheat-flour we annually consume comes from abroad.

Our position, then, as regards wheat supply is one that might well cause us alarm were it not for

the practically boundless wheat fields we possess beyond the sea.

These potentialities are fully appreciated by some of our more wide awake friends abroad.

A United States Government report on Canada ("Commercial Relations of the United States with Foreign Countries during the year 1901," Washington, 1902, vol. i., p. 340) states that in any calculation for the future the district embracing Manitoba, the North-West Territories, and the Western parts of Ontario, will have to be taken into account :—

"The average yield of wheat during the past twenty years has been over 19 bushels per acre. The area of land in the district adapted to the production of wheat is over 350,000,000 acres, and it is safe to say that 250,000,000 of these acres are of unsurpassed fertility, and have climatic conditions favourable to the production of the best grades. Less than 2 per cent. of this available wheat area is now under cultivation, but the tide of immigration has turned this way, and the next few years will see much of this land turned into wheat fields and an enormous amount produced for export. Taking the average yield of this country for the past twenty years a crop from all the wheat land in the district tributary to Winnipeg would produce more than the entire world's consumption for one year."

Viewed from a slightly different standpoint, it is clear that if 300,000,000 of these acres were brought under the plough they would furnish—allowing an average of 20 bushels to the acre—more than 20 times the annual requirements of

the United Kingdom, which at the present time amount to some 264,000,000 bushels.

In addition to the potentialities of Canada, above referred to, there are vast areas already under wheat in India and Australia, whence we yearly receive an increasing proportion of our total wheat supply.

These areas would be still further extended under the stimulating influence of the proposed discriminating duty.

The philosophy underlying this 2*s.* duty is the same as that underlying the 10 per cent. duty on foreign manufactures.

Just as the main objective of the latter is to induce the necessary mechanical modifications of matter to be effected by British, instead of foreign, workmen, so the main objective of the discriminating duty on foreign wheat is to induce the growing of our wheat requirements in our own Imperial foodlands instead of in the foodlands of the foreigner.

In this latter connection it is well to remember that the foreigner, however well disposed he may appear to be, is always the potential enemy.

No one appreciated this fact more than did Cobden. On October 29, 1862, he said:—

"And I will say this, that I doubt the wisdom—I certainly doubt the prudence—of a great body of industrial people allowing themselves to continually live in dependence upon foreign Powers for the supply of food and raw material, knowing that a system of

warfare exists by which at any moment, without notice, without any help on their part or means of prevention, they are liable to have the raw material and the food withdrawn from them—cut off from them suddenly—without any power to resist or hinder it."

To the suggested 2*s.* duty the perspicacious Free Trader objects, "But think how you will put up the price of the poor man's loaf!"

It becomes quite touching, this solicitude which the Free Trader affects for the *poor man's* well-being! The Free Trader forgets that wheat in France has been much cheaper since 1894, when the 12*s.* 2½*d.* duty was imposed, than it was previously, when the duty was from 7*d.* to 8*s.* 9½*d.* per quarter. He forgets that wheat in Germany with an import duty of 7*s.* 7½*d.* per quarter ever since 1892 is lower than when in previous years the duty was from 1*s.* 2*d.* to 6*s.* 6½*d.* per quarter! He overlooks the significance of the wheat lands of the Empire, the resources of which merely require the touch of an organizing hand to spring into torrents of the golden rain.

Let us nevertheless examine the Free Trader's contention as it stands, and see what it really amounts to.

Let us assume for argument's sake that the whole of the 2*s.* duty would be borne by the consumer—the poor man—and let us see how much higher his weekly bread bill would be in consequence.

In 1908 our total imports of wheat and wheat flour amounted to 274 lbs. per head of population. Of this amount 23·5 per cent. came from the Colonies, and consequently would not have been liable to any duty at all. Therefore, 210 lbs. represented the proportion of wheat and flour that came from foreign countries, and this would have been subject to the 2*s.* duty. Now 2*s.* on a quarter of 480 lbs. works out at 10*d.* on 200 lbs. In other words, omitting fractions of a farthing, the utmost a man can have to pay extra for his wheat and flour would be 10*d.* per year of 52 weeks, or less than 1-5*d.* per week, or less than 1*d.* per week per family of five! But inasmuch as the existing duties on tea, sugar, &c., would have been halved under Tariff Reform, the poor man would have saved 2*d.* on his tea, and as much on his sugar bill as a set-off against this small increase in his weekly bread bill! This seems a sufficient answer to the Free Trade contention!

Apart from this digression into hypothesis, it is wholly denied that such a preferential duty as that proposed would put up the price of wheat at all! It must be remembered that the wheat supplies we receive here are only the surplus stores that the foreigner himself cannot consume. He is not depriving himself of a sufficiency of wheat in order to supply our wants. Those countries, such as the United States, Argentina and Russia, that cater for the English wheat market, would be merely spiting themselves

were they to withhold their stores of wheat for the sake of the 2*s.* duty. They have the wheat in hand, ready for shipment. A vast amount of their capital is already invested in the necessary mechanical equipment, transport and organization. The other great wheat markets of the world are closed to them by far higher import duties than the two shillings we propose—the German wheat market by a tariff of 7*s.* 7½*d.*, and the French by a tariff of 12*s.* 2½*d.* The only alternatives open to them, therefore, would be to eat their wheat themselves, feed it to their cattle, or let it rot *in situ.*

The real effect of the duty would transpire in the form of a gradual readjustment of the areas of wheat cultivation for the market. It would undoubtedly tend to check the further development of foreign wheat-lands, while at the same time a greater proportion of the Colonial areas would be brought under the plough. This readjustment would progress—under a sufficiently elastic tariff—until the resources of the Empire were eventually capable of supplying us with the whole of our external wheat requirements.

Development on such extensive scale as this could only be accomplished by the migration of numerous families from the more congested areas within the Empire.

The breaking up of those countless acres would involve an incessant stream of men, women and children, flowing away from the vilifying influences of congested city life to the health-giving occupa-

tion of an open-door existence. It is reasonable, therefore, to suppose that our emigration figures —the index to the vitality of a country—would undergo some modification in consequence. Tariff Reform would probably have the effect of reducing the total figures of emigration, while concentrating all emigrants within the Empire. We should thereby succeed in retaining for the development of our own resources that wealth of British brain and muscle which, under our anomalous Free Trade system, is forced to leave these shores to seek an outlet for its energies in some foreign Protected country.

But although a discriminative duty upon foreign wheat must give an enormous stimulus to the cultivation of wheat within the Empire, it is by no means suggested that a similar impetus would be given to the same occupation in this country.

The 2*s.* duty, besides bringing in revenue, would undoubtedly afford a modicum of protection to the home wheat grower, though neither of these results is the main objective of the proposed duty. The main objective, as already stated, is to induce a shifting of the extensive wheatscene, to render us independent of foreign supplies of wheat.

It is impossible for intensively grown wheat to compete on equal terms with wheat grown by the extensive method. Cost of manures and reduced *per capita* output must completely outweigh the initial advantage of growing the wheat at the market door.

Extensive cultivation, on the other hand, can never, for obvious reasons, be practised in this country.

For the extensive cultivation of wheat vast areas of virgin lands are essential. So long, therefore, as we possess colonies so admirably adapted for the extensive method of wheat growing as Canada, India and Australia, it must be the right policy to encourage wheat-growing in those countries, rather than endeavour to increase our home supply by promoting methods that cannot fail to become more and more intensive.

Our proper function is that of a great industrial community; where space is a matter of less importance than the possession of an abundance of highly skilled workers. So long as we can regard the Colonies as integral parts of the Empire, so long must it be the right policy to secure for ourselves conditions under which our natural advantages shall have the fullest possible play, and to assist our Colonies to function in their natural sphere, which primarily is that of great food-producing communities.

The Colonies have expressed their readiness to enter into the scheme of Imperial Preferential Trading, by resolutions in favour of this policy repeatedly passed in every part of the Empire. It remains with us to accept or refuse their offer. True, we are receiving substantial preference from them at the present time, but they are willing to make still further sacrifices in our favour. In

return for the stimulus which they realize a discriminating duty on foreign wheat would impart to the development of their virgin lands, they offer us very material advantages in their respective industrial markets. All they ask in return is that we shall undertake to buy their wheat from them before bidding for the foreign supply.

There is nothing unreasonable in this request. The Colonies only wish to be assured that after embarking their capital and diverting their energies to this big-scale enterprise, the British wheat market will guarantee to buy no foreign wheat at all until it has absorbed all the surplus available from Imperial foodlands.

It seems little enough to ask in comparison with the benefits we stand to gain from the completed arrangement.

The supplementary aspect of the bargain should offer inducements no less tempting than the certainty of an assured supply of wheat—the prospect of ever-expanding markets for the absorption of our surplus home manufactures.

This consideration would go far to mitigate the present stringency and depression at home, due to the closing of foreign markets against us, and the consequent impossibility of increasing or even maintaining our present scale of production.

By accepting the Colonial offer we should at once begin to free ourselves from the menace of an early food-famine, and at the same time procure or our home manufacturers those conditions

under which alone it will be possible for them to extend their scale of operations.

This is the meaning of the Preferential Ideal: the only policy whereby we may hope to gain Imperial salvation.

But although the ultimate objective of the discriminative duty is to secure us a regular and sufficient supply of wheat, much can be done for the remaining aspects of home agriculture by the timely adoption of Tariff Reform.

In accordance with the main principle of tariffs generally, while it is proposed to put a 2s. duty on each quarter of foreign wheat, it is certain that proportionately higher duties will be put on all imported flour, though indicating a decided preference towards all that is Colonial milled.

In other words, in so far as external competitive labour has been utilized for the conversion of the wheat into flour, to that extent will the flour be taxed.

The preferential duty will therefore have the effect of giving to the British miller the first cut at the home market, and thereafter securing for the Colonial millers preferential treatment as against the rest of the world.

By thus imposing a duty on flour, we should induce the importation of more wheat and less flour; or, failing the attainment of this objective, secure for the benefit of the national exchequer a proportion of the wages received by the external miller for doing the milling for us.

Should the external miller select the former alternative, increased employment must result for British millers and their employees. If, on the other hand, he elected to send us his cereal in flour form instead of in wheat form—and thus retain the services of his own millers and their labourers —the duty he would be compelled to pay would contribute materially towards the compensation of those British millers who had been deprived of their occupation in consequence.

That it is reasonable to expect a modification in the form of our cereal imports under the discerning influence of a flour duty, follows from a glance at the following figures, which indicate the ratio of British milled and imported flour in three selected years :—

	British Milled Flour. Cwts.	Imported Flour. Cwts.
1871 ...	61,940,000 ...	3,977,000
1901 ...	69,021,000 ...	22,576,000
1902 ...	75,555,000 ...	19,386,000

These figures show that in 1902 we milled a much larger quantity of flour than in the previous year, while at the same time considerably less came here from abroad. The reason of this was the incidence of a small duty in 1902, levied on imported flour.

This duty, however, as soon as its protective nature was disclosed, was speedily removed !

It is safe, then, to predict that a properly adjusted tariff on foreign flour would encompass

the disappearance of all such flour from our list of imported goods—which simply means that we should eventually do the whole of the necessary milling ourselves. The resulting benefits to the community would then be two-fold: first, a considerable increase of employment; and secondly, an increased supply of bran and millers' offals, which constitute valuable feeding stuffs for store cattle, pigs and poultry.

By doing the whole of the requisite milling ourselves, we should be earning, and consequently keeping in this country, wages that are now being paid to the foreigner for doing our milling for us. We should further benefit by retaining the offals which at present accrue to the foreign miller. The effect of this increased supply of millers' offals must transpire in cheapening a most important class of food stuffs; and this, again, would enable us to produce beef, pigs, and poultry in greater quantities at home, and thus react in lowering the price of these commodities to the consumer.

By allowing the foreigner to send us flour instead of wheat, not only are we paying him wages for the necessary milling—wages that might equally well have been earned by the British miller—but the foreigner keeps, as a matter of course, the resulting by-products of his milling; and these he subsequently feeds to his own cattle. These cattle he then slaughters and sends into our market in the form of dead meat to compete

successfully with our home-raised stock. Here again the foreigner scores; for he not only secures his price for the meat—implying also the wages for the necessary mechanical operations involved in the transmutations—but he also retains the raw hides; which provide subsequent employment for his tanners. The foreigner is consequently the gainer, and we are the corresponding losers, all along the line.

All this would be changed under Tariff Reform.

By putting a tax on his meat we should induce the foreigner to send his beast to this country in the first form in which it could enter free, *i.e.*, on hoof, preferably as two-year-old stores. These stores we should then be in a position to fatten more cheaply than we can do at present; owing to the cheapening of the principal feeding stuffs, offals, cake, &c. Our land would enjoy the benefit of additional manure and dressing during the fattening process; and on slaughtering the beasts we should benefit by a plentiful supply of raw hides, necessary for the fuller employment of our tanners.

Thus under Tariff Reform we should have accomplished the object we set out to achieve: the shifting of the mechanical processes of industry to our own shores. We should further have freed ourselves from the iron hand of the Chicago meat trust, which at present regulates our prices, and should have progressed a long way

towards establishing our independence of the foreign product altogether.

The full significance of our meat market in tariff-making becomes apparent when we realize that in 1908, of the 48 lbs. of meat we imported per head of population, no less than 37 came from the foreigner! Cobden himself saw that the home agricultural industry needed protecting against the invasion of foreign food-stuffs, but he believed that the freight charges alone would prove sufficient "natural protection." On March 12, 1844, he said:—

"As far as I can obtain information from the books of merchants, the cost of transit from Dantzig, during an average of ten years, may be put down at 10*s.* 6*d.* a quarter, including in this freight, landing, loading, insurance and other items of every kind. This is the natural protection enjoyed by the farmers of this country."

Cobden apparently was obsessed with the simplicities of the Free Trade method of thought. He utterly failed, therefore, to realize that this so-called "natural protection" was capable of modification,

But freights, like everything else, are subject to the disturbing influences of scale, and improved means of transport. The average cost of conveying one quarter of wheat from Chicago to Liverpool by rail and sea has fallen during the average periods of 1866-70 to 1901-4 from 15*s.* 11*d.* to 3*s.* 11*d.*, whereby the British farmer's "natural

protection" has been cut down by 12*s.* per quarter!

At the present time, the British farmer is struggling against external competition such as Cobden never dreamed of.

The following figures show the agricultural produce imported duty-free into the United Kingdom in 1909, all of which, with the single exception of oil-seed cake, was in direct competition with the products of home industry :—

	£
Grain and flour	83,100,000
Meat	47,600,000
Butter and margarine	24,700,000
Fresh fruit	10,600,000
Cheese	6,800,000
Eggs	7,200,000
Lard	5,300,000
Vegetables	4,000,000
Oil-seed cake	2,100,000
Milk	1,700,000
Hops	500,000
Yeast	400,000
Total ...	£194,000,000

It is not surprising, therefore, that the home agricultural industry betrays such deplorable stagnation and depression. So long ago as November 21, 1903, Mr. Chamberlain, speaking at Cardiff, said :—

"No industry has suffered so much from unrestricted free imports in this country as agriculture, and no industry has been so completely the victim of the miscalculation of the original Free Traders."

This statement is amply borne out by the facts. Since 1871–5, the average area under wheat has fallen by 2,060,000 acres, or 55 per cent.; while other corn crops have diminished by 1,000,000 acres.

	Acres per cent.
Beans and peas have declined	47
Flax ,, ...	56
Hops ,, ...	30
All corn crops ,, ...	28
All green crops ,, ...	23

Sixty years ago 90 per cent. of the total population (= 23,400,000) were supplied by home-grown wheat; while fifty years after "Free Trade" was adopted only 10 per cent. (= 4,500,000) were so supplied.

The number of live stock in the United Kingdom shows relative stagnation since 1871, the sheep having actually declined 9·5 per cent.; while pigs and cattle have increased only 5 per cent. and 17 per cent. respectively, over the interval of thirty-six years; having thus utterly failed to keep pace with the increasing population.

This, then, reflects the present condition of the agricultural industry after more than fifty years of Free Trade! If the statisticians are to be relied upon, the depreciation of agricultural capital during the last thirty years amounts to £800,000,000 or even more. This seems a big price to have paid for the privilege of Free Trade! We are growing tired of the catch-phrase "Back to the

Land," and it must continue an empty and meaningless cry until more employment be forthcoming in the country districts; and, together with "The Right to Work," may safely be left to wither upon the rubbish heap of sterile verbiage.

Some sort of an index to the Free Trade mind is provided by the Liberal use of these hollow catch-phrases. They imply a recognition by those who thoughtlessly use them of the remedial needs of modern conditions, but this recognition is more than off-set by the fact that their very utterers are at the same time strenuously preaching against the only policy whereby they may become coherent.

CHAPTER IV.

A VIEW OF THE COTTON INDUSTRY.

NEXT in importance to the punctual delivery of our necessary foodstuffs comes the question of raw materials generally, and of raw cotton in particular. For upon the regular and plentiful supply of raw cotton depends the welfare, if not the very existence, of a vast number of our industrial workers.

To convey some idea of the significance of the cotton industry, it is only necessary to state that the estimated value of the whole of the undertakings and invested capital represents roughly £400,000,000 and involves the labour—mental and physical, direct and indirect—of some 10,000,000 men, women and children.

These considerations suffice to indicate the importance of the cotton industry as a national asset; the preservation and healthy development of which should be the first consideration of all who have the welfare of the country at heart. Unfortunately here again we find at work some of the same world-wide influences that are benumbing and paralysing industrialism in this country generally. Thanks to the puerile confidence we have so long reposed in the guileless Free Trader

and his string of platitudinous sophisms, the cotton trade, our most important manufacturing industry by far, is exhibiting all the symptoms of stagnation that precede malignant decline and eventual collapse.

At one time we supplied the world with our cotton goods, and might be doing so to-day but for the very natural determination shown by the other civilized nations of the world to provide themselves with their own cotton requirements.

This they are being enabled to do through the instrumentality of protective tariffs. Behind these, and aided by our experience and machinery, they have erected cotton factories outstripping ours in number, and have built up gigantic industries which show a rate of development far exceeding our own.

In endeavouring to draw a faithful comparison between the respective magnitudes of our own cotton industry and those of our principal rivals, we must avoid relying upon the number of spindles erected in the respective countries. For their productive capacities depend not only on the number of spindles working, but also upon the kind of spindles employed.

The Ring spindle, for instance, which is the kind principally in use on the Continent and in the United States, has a productive capacity of 50 per cent. more than the Mule spindle. It produces the coarser counts, and uses half as much cotton again as the spindles used for the finer counts. But these

latter, producing the finer counts, provide more employment for the operatives.

A more trustworthy criterion is to be found in the comparative consumption of raw cotton.

It is then of interest to note that whereas our average consumption for the period 1871-75 was

1,229,000,000 lbs., as against
857,000,000 lbs. consumed by the Continent of Europe, and
524,000,000 lbs. by the United States,

the average for the three years 1906-8 produced the following striking change of figures:—

Great Britain	... ...	1,887,000,000 lbs.
Continent of Europe	...	2,878,000,000 lbs.
United States	... ...	2,319,000,000 lbs.

showing that over this interval of time Great Britain had increased her consumption of raw cotton by 53·4 per cent., the Continent of Europe by 235·8 per cent., and the United States by 342·5 per cent.

Again, our consumption, which in 1907 amounted to 18,000,000 cwts., fell in the following year to 15,160,000 cwts., showing a decrease of 2,840,000 cwts., involving the shutting down of many factories, the short time working of many more, and resulting in widespread poverty and distress.

With regard to our exports of cotton goods, the available figures show that whereas our total exports of yarn averaged 233,000,000 lbs. over the quinquennial period 1892-1896, they fell in 1898 to 214·8 million lbs., showing a decrease of

18·2 million lbs., while our total exports of piece goods, taken over the same periods, show an increase of only half-a-million yards.

With these figures before one there seems nothing extraordinary in the fact that foreign countries have not only begun to dispense with British-made cottons—and consequently with the work of the British operative—but are even invading our home markets with their surplus manufactures. Moreover, they are seriously competing with our cotton goods in those other markets of the world to whose exclusive entry we had come to imagine we had a prescriptive right.

But the most serious aspect of the cotton trade is to be sought neither in our lessened consumption of raw cotton nor in our diminishing exports of cotton goods.

It is to be sought in the fact that we are threatened with a continued shortage of raw cotton This means that it will be a matter of ever-increasing difficulty to supply our cotton mills with all the raw cotton they require, and, what is more important still, we shall have to pay more and more for even such supplies as we may be fortunate enough to secure.

The reason of this shortage is not far to seek.

At one period of our existence we were the principal consumers of raw cotton, but now there are many other competitors upon the scene, eagerly bidding for the raw cotton the world produces.

At the present time the Continent alone requires

half as much again as we do, while the United States require for their own mills more cotton than they export to us.

Thus, whereas we have hitherto been able to secure only a constantly diminishing proportion of the American supply, it probably will not be long before the United States require the whole of their annual output for their own mills!

In support of this view it is worth while noting the dictum of the late Sir Alfred Jones, founder of the British Cotton Growing Association, as reported in the *Daily Mail* Empire Day Supplement:—

"The United States of America during the last few years have produced from ten million to thirteen million bales of cotton (note 1 bale = 500 lbs.), and to the man in the street the three million bales required by Great Britain would seem easy to obtain; but we must not forget that America has some 28 million spindles, which number is increasing rapidly, and she requires over four and a-half million bales for her own consumption; for although the spindles are fewer in number, more cotton is used, the counts being coarser. In England finer counts are spun, consequently less cotton is used, but more labour is put into the manufacture of the goods.

"In addition to Great Britain and America, Germany wants one and a quarter million bales; Russia, France, Austria, and Italy, over half a million each; and other countries a million between them. Thus we have accounted for about twelve million bales of American cotton. India produces about three million bales, the bulk of which is used by Japan, Germany, France, Austria, Russia, and India.

"Egypt also produces three-quarters of a million bales, half of which is used by Great Britain.

"In 1904, when Lancashire mills were on short time, it is estimated that capital and labour in the cotton trade alone lost some £150,000 a week."

We are thus forced to the conclusion that our position in regard to the cotton industry is far from satisfactory.

It is comparable in its insecurity to our present position as regards food supply. In either case we depend upon securing the surplus output of foreign nations, and are content to let things be, without the least vestige of a guarantee that these surplus supplies will either continue in amount or remain available for our needs. Such improvidence as this would be scouted in the ordinary business relations of every-day life; and yet, when the national welfare is at stake, we are content to leave matters as they are, and watch prices rising with perfect, or, at least, affected, equanimity!

There is nothing more certain than that the Americans have set themselves the task of ousting us from our position as the premier cotton manufacturers of the world. Time will be required for the consummation of this national objective, and the experience that time alone can bring. It must be our concern to safeguard our position and see that when the American cotton supply is diverted from these shores, as it is bound eventually to be, we can rely upon obtaining all the raw cotton our mills require from cotton lands within the Empire.

We must set ourselves to organize the Empire for the further cultivation of cotton, and free our-

selves, once and for all, from the impending menace of a cotton famine.

The British Cotton Growing Association, founded, as already stated by Sir Alfred Jones, for the purpose of encouraging the growth of cotton within the Empire, has already effected much excellent work. It has persevered in Scind with Egyptian cotton, without, however, achieving any conspicuous success hitherto.

The West India Islands have been resuscitated as a source of cotton supply with much more promise, and the industry is now established there upon a permanent basis.

Considerable quantities of cotton are being grown in British East Africa and Uganda, and great hopes are entertained for its future successful development in these parts.

But of all our colonial possessions the vast territories of Northern Nigeria appear to be the most promising cotton lands of the future. This region enjoys a climate admirably suited to the needs of the cotton plant; and a native population, numbering many millions, that might easily be encouraged to far greater productive effort.

It will be no small achievement, however, to find a satisfactory Imperial substitute for the £36,000,000 worth of American cotton that constitutes the backbone of the British cotton industry to-day—an industry that provides daily employment in the factories alone for 200,000 male and 346,000 female operatives.

When we come to consider the probable effect of the proposed 10 per cent. duty on foreign cottons, it is noteworthy that those best qualified to judge admit almost to a man that the home industry would be benefited thereby, and increased employment result; but they doubt if at this juncture a 10 per cent. duty would be high enough to afford a sufficient degree of protection as against the expansive force of foreign competition. Even at the present time our home markets are being invaded by our external competitors. France, Germany, and the United States, send us cottons (other than yarns) to the value of £6,000,000 a year—more than double the amount we took from them in 1898!

There would nevertheless be smaller cause for regret at the bare fact of taking their cotton goods, did it not synchronise with the dismal spectacle of so many of our own looms stopped down. It is this collateral sign, this insidious shifting of the scene of mechanical operations from our own shores to those of our rivals, that stands for the danger signal of modern times.

It clearly means that we are not keeping pace with the progress of civilization; that we ourselves or the systems under which we energize are growing effete. From one cause or another—perhaps from the resultant effect of many causes—we are beginning to fail. The failing began long ago in an absolute sense, but has only become relatively apparent of late years, during which our rivals

have made stupendous progress, while we have approached nearer and nearer to the outer edge of our margin of advantage.

That being so, there are two ways, and only two, of preparing for the future. We can, if we like, make up our minds to alleviate present suffering at the expense of future generations, by draining the country of its capital wealth ; or we can make the necessary effort ourselves to get the country into sound condition once again by providing employment for our own kinsfolk, instead of giving it to the foreigner.

It should be borne in mind that in adopting a protective policy a country benefits by securing a twofold advantage to its home industries. Protection stimulates production at home, and exercises a corresponding check upon the scale of foreign rivals. The home markets thereby become less vulnerable to weakened external competition ; while internal competition may be relied upon to prevent a rise in the price-level at home.

The first objective of Tariff Reform as applied to the cotton industry is therefore to safeguard the home markets and secure the condition necessary for increasing our scale of production. But beyond achieving this result it is necessary to safeguard our cotton trade oversea, valued yearly at 80 to 100 millions sterling. It is of vital importance to us not only to preserve but continually to increase this portion of our trade; and this can best be done by extending the principle of reciprocal

preferences to the infinitely more important Imperial markets of those 350,000,000 humans that constitute the population of the Empire.

Thanks to the preferential treatment hitherto enjoyed by British goods in our Imperial markets oversea, the Colonies are our best customers already; but we must remember that they are beginning to look for something in return for these advantages—granted at considerable sacrifice to their own interests—and even now are considering the business proposals initiated by other countries. If therefore we are to keep our mills and factories running full time we must do all we can to assiduously cultivate those markets wherein we have least to fear from foreign competition.

This can be done by Imperial reciprocity and by no other conceivable means. We must now decide whether to remain inert and allow ourselves to be overwhelmed by the rising tide of foreign competition; or by a timely joining of hands with the Colonies to provide them with the impetus necessary for their further development as integral parts of an organized Empire, and at the same time free ourselves from the impending menace that threatens the very foundations of our national industrialism.

The above sketch, which is intended only roughly to indicate the present position of our greatest manufacturing industry, provides sufficient material to add point to the singularly lucid prophecy of Adam Smith, that "If the free importation of

foreign manufactures were permitted, several of the home manufactures would probably suffer, and some of them go to ruin altogether"—a prophecy that appears to have found ample justification in fact.

CHAPTER V.

CONCLUSION.

FROM a perusal of the foregoing chapters, the unbiassed reader will have seen what are the changes sought to be introduced into our fiscal system, and what are the chief claims of Tariff Reform.

It is submitted that the question "Free Trade or Tariff Reform?"—although but one of the burning questions of the hour—must rank in importance second only to one other matter, and that altogether beyond the scope and purpose of the present work: the question of National Defence. The reason that National Defence must always come first, is simply that upon the adequacy of our national defences depends the fact of our very existence; and that unless that adequacy be maintained, all secondary schemes for social reform and what not must necessarily prove abortive.

The present age is surfeited with an abundance of effort seriously struggling with the co-ordination of the many components of our complex society; and striving to bring the various and ever-varying groups and phases into more harmonious relationship with one another; and fabulous sums are

being spent in furthering these philanthropic aims. The only pity is that the effect, if not the aim, of this heterogeneous effort—itself inco-ordinate—operates more often as a mild alleviative, and therefore a stimulant, rather than as a preventive of ill. It never strikes to the root of the evil it endeavours to redress. The remedies operate in diminishing the harmful effects that flow from causes essentially vicious; instead of permitting the healthy growth of a healthy system as the natural consequence of a healthy environment.

These half measures show an increasing ineptitude for dealing with the exigencies of modern social conditions. Some far-reaching remedy must be sought, capable in the first place of vitalizing industrialism generally, and reacting thence to transfuse the psychic bonds that unite the different phases of our national and social organism.

It is contended that the germs of changes such as these are to be found in the scientific working of Tariff Reform. The potentialities of this twin policy have already been indicated. It cannot fail to profoundly affect our relations with the outside world, for, be it remembered, it is in the first place a foreign policy; and only in presence of secondary conditions can it begin to react internally. From its very inception relief will be brought to the home manufacturer, and through him to the British working man, by removing the steadily increasing pressure of external competition—pressure that would even now be intoler-

able were it not for the many channels through which the effects are insidiously removed—the emigration steamers and the unemployment funds. On the other hand, those results which cannot be so removed—the howling poverty and squalor of such as dwell in slums—are ignorantly attributed to the tyrant landlord, the bloated capitalist, or any other cause but the true one.

Viewed thus in the light of a reforming agent, Tariff Reform appears the natural antidote to evils social and economic that have flowed but normally from causes essentially vicious. But whether or not the hopes of its advocates will materialize in the successful working of the policy, must depend in great measure upon the kind of reception it is destined to receive at the hands of the working man, and the trade union whose minion he is.

As long as we are liable to the disturbing shocks of indiscriminate war between capital and labour, so long must disaster result to employer and employed alike, whether under Free Trade or any other fiscal system. For it means not only disorganization of trade and immense pecuniary loss to both sides, but also the weakening of both parties as regards their powers of resisting the expansive force of foreign competition.

The sooner this patent truism meets with general recognition, the better will it be for all concerned, and the less will the social and industrial horizon be blackened by the menace of strike

and lock-out in the future conduct of national affairs.

In this connection it is well to remember the words used by Mr. Roosevelt in his Nobel Prize Address at Christiania on May 5, 1910, when he said :—

"There is at least as much need to curb the cruel greed and arrogance of part of the world of capital, to curb the cruel greed and violence of part of the world of labour, as to check a cruel and unhealthy militarism in international relationships."

The first object of Tariff Reform is to improve the condition of the British working man. It is going to secure for the products of his toil preferential access, first to the home market and thereafter to the Colonial markets, as against the products of the toil of the foreigner.

The effect of this policy will transpire in the shifting of the scene of mechanical transmutations. The home market will be supplied more and more by the product of British labour, and less and less by the competitive labour of the foreigner.

If allowed to develop along lines such as those above indicated, the scheme cannot fail to redound to the lasting benefit of all British co-workers. It remains to be seen whether "Capital and Labour" will be content to let it fructify in its natural course ; or whether, secure in the knowledge that the home market is safe from external competition, and noting with jubilation the increasing prosperity around them, they will give way to natural prompt-

ings of greed, and finally shatter all hopes of success in a futile and destructive war of *wage* and *price*.

That Tariff Reform could be made a stupendous success, there can be no shadow of doubt. Whether it will be, depends upon the tempers displayed by Capital and Labour respectively when they come into combination under the new *régime*.

It has already been shown that the employment of the British working man will be increased under Tariff Reform; and the economic disease we are principally suffering from at the present time is unquestionably — lack of remunerative employment. The symptoms are unmistakable. Mills and factories closed or working short time; wages practically stationary; and at the same time hundreds of thousands of British workers thrown out of employment and emigrating.

Having thus diagnosed the disease from an examination of the symptoms, we may cast about for the cause. This is to be found in the substitution of foreign labour for that of the Britisher.

Whereas formerly we used to employ the British workman to make for us the articles we needed, we now employ the foreign workman instead, by importing and buying the things he has made.

Could anything be more obvious, and at the same time less generally appreciated? If the lesson conveyed by this fact were properly under-

stood by the great body of British workers, we should be having Tariff Reform to-morrow. But so long have our minds been affected by the Free Trade dogmas of the old Manchester School—dogmas which owe their origin to an elaboration of fallacies—that they now form an organic part of the national mind; inhibiting our critical faculty by their insidious distortions, and rendering us as helpless in body and mind as the opium-eater who too long has yielded to the seductions of his drug.

The Free Trade doctrine teaches us how to spend our money; but it cannot teach us how to make it in the face of foreign competition.

It tells us to employ our energies in those industries in which we have some advantage, natural or acquired, over the foreigner.

But the principle underlying the Free Trade doctrine denies us the protection necessary for the preservation of these very advantages. It advises us to spend our money in the cheapest market. It forgets to say, "But mind you don't lose your job; or you will have no money to spend!"

Tariff Reform will enable us to retain our jobs, and also to strengthen our position in the home market, by increasing the buying power of those who buy our goods in preference to the goods of our competitors. This strengthening of the home market can be done by our preferential purchase of their products: the very converse of the Free Trade policy.

The Free Trader tells us that exports pay for imports, and that therefore Free Trade must be right and Tariff Reform wrong. What does he imagine to be the position in Germany or the United States? Does he deny that exports pay for imports there? But if they do, presumably Protection is right and Free Trade would be wrong? This type of argument could only catch the most unwary. True, the money-equivalent of all our exports balances, and therefore in a sense pays for, the money-equivalent of all our imports; but this is merely another way of stating that saddest of human facts, that if you buy a thing you are expected to pay for it! That must always be the simple law governing exchange, whether under Free Trade, Protection, or Tariff Reform. But the important thing to look at is the composition of these money-equivalents. How are they arrived at? Of what do they consist? Are they of the same denomination? If not, which denomination is the most expedient from our point of view? Let us take an example. Let us suppose that our exports, represented by a money value of £400,000,000, consist almost entirely of unreproducible raw material; while our imports, represented by the same money value, consist almost entirely of highly skilled foreign labour. It is then evident that we are the real losers by the transaction, in spite of the fact that the money equivalents at both ends of the exchange exactly balance. We have been paying out capital and

creating no income; while the foreigner has been receiving capital in exchange for part of his income. We have been parting with raw material which can never be replaced, and at the same time have left unconverted some proportion of our available potential wealth visible as the unemployed—to whose upkeep we are subsequently bound to contribute. Moreover, by penalizing the foreign product we might ourselves have done the work we accepted in exchange for our capital; and by so doing should have retained in this country wages now going abroad to pay the foreigner instead.

It must unquestionably be the right policy to induce our imports to come here with the least possible amount of competitive labour attaching; so that our own working man instead of the foreigner may receive wages in respect of the subsequent mechanical modifications. This can be done through the agency of tariffs. And when Tariff Reform carries the day and this result is successfully accomplished, the Free Trader will still be able to console himself with the reflection that "Exports pay for Imports."

Another Free Tradism, if one may be permitted to coin the word, is: "If all countries practised Free Trade, all would be gainers." This sophism only proves how completely the situation has been misconceived! What would be the position if all tariffs were suddenly removed? Certainly not equality of trading facilities. Each country

would then be a target for every other country enjoying a lower standard of living. How could Western labour possibly compete on level terms with the cheap labour of the Asiatic?

How could Germany or France continue to grow their own wheat? Their home product would at once be undersold by wheat grown in the natural foodlands of the world. How could the nations of Europe hope to keep their mills and factories employed, in face of the stream of manufactures we should then proceed to flood them with? No! There can be no idea of universal Free Trade until the same standard of living is attained by every competing country; and every natural advantage or disadvantage smoothed away. Universal Free Trade is therefore under any circumstances an unthinkable proposition, except in the Utopian dreamland of the Socialist.

The effect of removing the world's tariffs would transpire in the rapid lowering of the standard of living in all protected countries, and almost certainly result in the corresponding rise of our own standard, together with that of India, China, and Japan.

The equalizing of artificial trading conditions—a dream sufficiently remote in itself—could never substantially affect the natural disadvantages at present experienced by some countries as compared with others in respect to food supply. There would be one terrific struggle for the foodlands of

the world; and those who controlled them would control the world.

It is only by means of a system of tariffs that the disadvantages, natural or acquired, that one country experiences in regard to another, can be successfully overcome; and experience shows that the standard of living and the tariff rise together.

Our perseverance along so-called Free Trade lines has proved an expensive choice; but the reason that we have come out as well as we have, is that we were richer than the other countries when we began the experiment, and enjoyed enormous advantages over the whole of the rest of the world.

The Free Trader is perfectly content with his one little maxim, "Buy in the cheapest market," and its successful accomplishment. He draws no distinctions between countries, nations, or races. To him all men are equal with the exception of the man who sells cheaper than the rest, and him he regards as indeed a brother! To the Free Trade mind there can therefore be no sense of nationalism as opposed to communism: no meaning in, and no use for, an Imperial Ideal. He himself is the unit of his little universe, and the *summum bonum* of all creation.

It has been the fashion hitherto to regard England as the unit of our economic calculations, instead of the Empire as an organic whole. There has hitherto been a total absence of anything approaching not only an Imperial policy, but even

a sound National policy—no sign of any coherent Imperial Objective.

Until of late years there has always been a feeling in this country that the Colonies were a trouble and a burden. The following passage, contained in a letter written by Cobden to Henry Ashworth, April 12, 1842, and quoted by Lord Morley in his "Life of Cobden," is probably indicative of the spirit in which the Colonies were generally viewed at that time:—

"The Colonial system, with all its dazzling appeals to the passions of the people, can never be got rid of except by the indirect process of Free Trade, which will gradually and imperceptibly loose the bands which unite our Colonies to us by a mistaken notion of self-interest."

It is unfortunately the fact that there are many people in this country to-day who have adopted the spirit evinced in this passage as the sum total of their Imperial policy.

The masses, imbued with their Free Trade ideas, are concerned only with furthering their own proximate little ends, without pausing to consider what damage to the ultimate National good the attainment of those ends may entail. We witness the pulling in a thousand different ways of a thousand different interests. What wonder that the resultant of all these inco-ordinate and mutually destructive forces fails to promote the national good!

Such, however, is the harvest of the "Manchester" seed!

The enormous initial advantages we enjoyed over the rest of the world up till forty or fifty years ago are at the present time being discounted by the rapid progress made by all the civilized nations, both as regards the development of their potential resources and the organization of their national energies. Each year it is becoming more evident that in view of this world-wide progress we can no longer stand apart from our Colonies. We must join in the reorganization of the Empire, and hasten to develop our world-wide Imperial resources. We must live less on our capital, and more on the income flowing from our labour.

If more convincing evidence were needed to prove how completely we are running off the rails, it is to be found in the historic Budget of 1910. This wondrous fabrication is the very embodiment of reactionary ideals: of much that is destructive, and radically opposed to the best interests of the community. It violates, by its persistent persecution of selected forms of property, our most cherished principles of justice and security, the very foundation upon which alone commercial enterprise of any kind is possible, and teaches a philosophy which comes to us as new, the philosophy of plunder and spoliation.

That this view is shared by Free Traders, in common with the majority of Unionists, may be gathered from the pungent criticism of Mr. Harold Cox at Oxford, on May 20, 1909, when he said:—

"I submit that the fundamental view underlying this scheme is the picking out of a particular form of property for special taxation. I contend this is a most dangerous thing to do. You will convert your politics into a system of rival plunderers."

Not a suggestion does the Budget contain of any policy calculated to increase the productive capacity of the country. Only the time-worn doctrine of nationalization, and the re-distribution of the rewards of thrift. It is recognized as easier —but has yet to be shown to be wiser—to plunder the successful man, than to create fresh wealth by the intelligent re-organization of existing industrial conditions.

Mr. Lloyd George has made the stupendous discovery—though by no means a pioneer in that particular field of exploration—that the wealth of the land is subject to no universal law of distribution. Which, having discovered, he feels it his bounden duty to rectify. So far so good. But we cannot carry our praise to the point of agreeing with the methods he has chosen for the purpose of carrying out his philanthropic desire.

The simplest solution that presents itself to the mind is, of course, to rob Peter to pay Paul; and the bare simplicity of this solution appeals strongly to Mr. Lloyd George. He himself expresses it in beautiful metaphor when he likens his policy to the "robbing of hen-roosts."

The most immovable of British "hen-roosts" is naturally the landed estate; the landlord is,

therefore, selected as the proper person to be robbed; and is, in fact, more hardly hit than any other owner of property. The well-to-do business man can frequently secure his wealth in such liquid form that he is able to elude even the Chancellor's inquisitorial methods; but the wretched owner of land is there to be mulcted *ad lib.* and appears a fitting subject for the rapacity of the Socialist. The striking feature of the Socialist's method is the nervousness that prompts him to leave the landlord with any land at all!

Mr. Lloyd George is convinced that the price of land is too high. Landlords are by nature greedy. The desired cheapening is therefore to be effected through the agency of a few more taxes.

Far better to have done it by the more just and expeditious—if indirect—method of abrogating the custom of primogeniture—a step which, with the rapid growth of socialistic tendencies, cannot be much longer delayed.

No one is blind to the appalling poverty and the abject misery that abound in this country. No one is blind to the gulf that separates great wealth from great poverty. But these are neither discoveries nor products peculiar to the modern age. From the earliest dawn of civilization the same sights were seen, the same discrepancies witnessed; and although the fact has been much discussed, much abused, and much lamented, the same conditions are visible to-day and probably always will be. One thing at all events is certain:

that no lasting benefit can accrue to those whose lot Mr. Lloyd George seeks to ameliorate by a policy of despoiling the country of its capital wealth. It is a spendthrift policy, and the reckoning will surely come.

The Budget has been stigmatized as a "People's Budget"; and when people have a really good thing they must expect to pay for it. Mr. Asquith has drawn our attention to this very point. On June 10, 1909, he said:—

"We do tax tea. We do tax sugar. We do tax beer. By this Budget we are proposing additional taxes on tobacco and spirits, and with the solitary exception of bread there can hardly be said to be a single one of the necessaries or simple comforts of life which is not made to contribute its quota to the national revenue."

Mr. Asquith positively glories in his success!

The people ought, therefore, to be pleased.

As if some consolation were due to the "Better off," Mr. McKenna, on September 6, 1909, said:—

"Of all the money to be raised not less than £12,000,000 was to be paid by the great mass of the people—not especially the rich people at all; the bulk came from the working classes and the poorest members of the community."

The precisely opposite theme may be responsible for Mr. P. Snowden's outburst on September 23, 1909:—

"He estimated that £53,000,000 of revenue would be contributed this year by the working class, represent-

ing four-fifths of the total amount derived from Customs and Excise duties. That worked out at £7 12*s.* 6*d.* per family. It was indisputable that there were over two million families in this country, representing ten million souls, whose income did not amount to £1 per week. Their contribution to the revenue under this Budget worked out at 2*s.* 6*d.* in the £ on their incomes."

We are assured then that it is a "People's Budget," and can no longer doubt that the "people" are paying handsomely for it! We wonder what the "people" imagine they are getting out of their Budget in return! Not more wealth, not greater security, not even more employment! What then? More free meals in place of the wages they should be receiving instead of the foreigner.

Mr. Lloyd George believes in robbing hen-roosts. He likes to find the eggs nicely to hand. He finds it, therefore, more expedient to pick up such eggs as the hen may already have laid, rather than, by ameliorating her surroundings, to induce her to continue laying. He forgets that this plan may not suit the hen. She is already beginning to show signs of uneasiness at her admirer's constant attentions, and before long may fly-off and lay her future eggs in a position of greater security elsewhere! This is precisely what is happening at the present moment. Capital is pouring out of the country to be invested abroad, and will go to develop foreign lands, employ foreign labour, to react still further to the prejudice

of British interests, and quietly accumulate beyond Mr. Lloyd George's reach.

This exodus of capital means industrial stagnation here, less employment for the willing worker, and a higher bill for relief. The Chancellor's complacency at these events appears, however, to be shared by Mr. Chiozza Money, who tells us we are so rich that if we dropped £175,000,000 into the sea every ten years, it would still be ages before we exhausted the country's riches! We have, then, at least two optimists left! But Mr. Chiozza Money forgets that "value" is a relative term, and not absolute, and that by destroying part of your property you may depreciate the remainder—sometimes to zero.

The only resources left to the Free Trader are those of increasing the existing taxes and adding only fresh ones, directed, however, not at income, but also—and this is where the danger begins—at the capital wealth of the country. How long this process can go on before we are faced with absolute ruin perhaps the arithmeticians could tell us, but the end would certainly come long before it was anticipated by either of the optimists.

This being a sketch in brief of the Free Trade position and the class of remedy they rely on, let us see what Tariff Reform has to offer as an alternative.

To the mind of the Tariff Reformer there is ever present the ideal of a great self-contained and self-supporting Empire. The Mother country and

her world-wide Colonies knit together as one coherent unit by ties of blood, commerce, and racial solidarity. A world-Empire, embracing all the elements of self-sufficiency, the proper organization and development of which rendering her in every part of her fabric completely independent of the resources of alien nations. Foreign nations might at any moment become actively hostile and withdraw from us, when they had forced us to be dependent upon them for their due supply, the very things most essential to our national well-being.

This contingency is scouted by Free Traders, who argue that the foreigner would lose our custom by so doing, and consequently damage himself no less than he damaged us.

There is a degree of plausibility in this contention, but it is as flagrantly misleading as is the rest of the Free Trade doctrine.

It is based upon a fallacy. It presupposes the equal necessity of all kinds of commodities.

The Free Trader argues that it would not pay the foreigner to withhold the supplies he is now sending us, because if he did so he would get no money wherewith to satisfy his own requirements.

Here, again, we see the fallacy of compositions distilling its subtle poison into the mind of the Free Trader. Let us point the argument by pushing it to its logical conclusion.

At the present time we are to all intents and purposes dependent upon imported supplies of

food. Let us assume that those countries which send us our food supplies are themselves equally dependent upon our cottons and cutlery, and that in course of time the dependence in each case becomes absolute. It is then clearly evident that the foreigner is master of the situation. If he elects to withhold our food supply he can starve us out completely, or indefinitely raise the price of food against us; while we, by withholding our cottons and cutlery, could at most inflict but temporary discomfort upon the foreigner.

The moral to be drawn is obvious. Safeguard your food supply first of all, and allow no considerations to force you into dependence upon food grown in the lands of potential enemies.

This we still have it in our power to do, but only by strengthening the bonds of Empire.

It is no longer a disputed fact that in our Colonies we are possessed of undreamed wealth. The Colonies could grow far more food than we shall ever want, and supply us, with the present exception of cotton, with all the raw materials we shall ever require. It only remains for us as one people to develop these resources. But they can also provide us with what is of equal importance: the first cut before all the rest of the world at their ever-expanding markets. Nor is it less certain that the sole remaining markets for our manufactures will soon be those of our Colonies alone. We must at least be sure of having these

left us when finally squeezed from out the foreign markets of the world.

There are, happily, no grounds for supposing that the Colonies will desert us if we put our faith in them. We must accredit them, however, with no superabundance of human patience; and there is no lack of evidence to show that we have already tried that patience sorely.

These bonds of Empire we must hasten to rivet without more ado. We must cease henceforth to regard ourselves as the infallible centre or creation around which the Colonies revolve as insignificant luminaries. Rather must we view the Empire as the economic unit, whose centre of gravity is England; and the Colonies as integral parts of the system so complete and interdependent throughout that disaster to any outlying portion must prejudicially affect the proper functioning of the whole.

If we persist in refusing to accept the Colonial offer, we must not be surprised if the Colonies enter into closer bonds with our industrial rivals. We must allow them some regard for their own interests. Individually they are absolutely defenceless against foreign attack—an easy prey to the first nation, or Asiatic swarm, tempted to descend upon them.

If they see in our pig-headed obstinacy a desire to separate from them—the consummation of Cobden's dream—what more natural than that they should seek security by entering into alliances

with other great Powers ready and willing to afford them that measure of security, and those opportunities of industrial expansion, that soon we shall be unable to guarantee ?

The end will then be in sight. Our prestige will have gone, our Colonies will have gone, quickly to be assimilated and absorbed. Our remaining markets will have gone, and ruin be staring us in the face at home. Our power, undermined by the disintegratory forces of professional State-wreckers let loose, will shrivel, our credit will go, and we as a race shall go.

The danger signal is against us. We must stop the train before it hurls us to impending doom.

It is for us, the Electorate, to decide which we will have :

Free Trade, with the early completion of the ruin that has already begun ; or Tariff Reform, and with it the widest, wealthiest, and most powerful Empire the world has ever seen.

P. S. KING & SON, ORCHARD HOUSE, WESTMINSTER.

King's
Recent Publications

THE TARIFF PROBLEM.

By W. J. Ashley, Professor of Commerce in the University of Birmingham; late Professor of Economic History in Harvard University, U.S.A.; Sometime Fellow and Lecturer of Lincoln College, Oxford.

Second Edition. Crown 8vo. Cloth. **3s. 6d.** net. (*Inland Postage 3d.*)

"Autonomos" in the *Fortnightly Review*:—"One of the ablest advocates of the Birmingham-Sheffield Policy is Professor Ashley, whose book on the tariff problem is perhaps the most effective plea for fiscal revolution which has appeared in the course of the present conflict."

TARIFF REFORM AND THE WORKING MAN.

The Real Case for Tariff Reform—Employment and Wages—How Free Trade "Blacklegs" Home Labour—Facts for Workmen by a Workman (T. Good). With a Preface by the Rt. Hon. J. Austen Chamberlain, M.P.

Demy 8vo. **6d.** net. (*Inland Postage 1d.*)

SEVEN YEARS OF THE SUGAR CONVENTION, 1903-1910.

A Vindication of Mr. Chamberlain's Imperial and Commercial Policy. By Ralph T. Hinckes, M.A.

Crown 8vo. **3d.** net. (*Inland Postage 1d.*)

Contents.—Sources of Supply—Prices—Chart showing course of Wholesale Prices of Unrefined Beet Sugar—The Workman's Weekly Budget—Retail Prices of Commodities—Industries connected with the Sugar Trade—Returns showing the Values of Machinery of all kinds Imported into certain Colonies—Tariff Reform and the Results of the Convention—Imports of Confectionery, Jam, and Preserved Fruit to United Kingdom—Chart showing Incidence of Duty—Percentage of the Exports of Sugar and Sugar Products from various Colonies to Total Exports (excluding Bullion and Specie)—Returns showing the value of Imports from the United Kingdom and British Possessions to certain Colonies, and the percentage of these imports to total imports.

P. S. KING & SON, Orchard House, Westminster

Protection in Various Countries

A series of handy volumes, under the editorship of Mr. WILLIAM HARBUTT DAWSON, dealing with the practical operation of Protection in some of the leading Industrial Countries and the British Colonies. Each Monograph, besides giving a sufficient history of Fiscal Policy in the country concerned, endeavours to estimate the effects of Protection upon Commerce, Industry, and Labour, and also deals with the subject from the political and financial standpoints. The volumes are written by experts, and it is believed that they form a valuable and welcome contribution to the literature on the Fiscal controversy.

Canada and Australasia.

By C. H. CHOMLEY, B.A., LL.D., Member of the Council of the Australian Free Trade Association, Editor of Lord Farrer's "Free Trade *versus* Fair Trade" (1904).

Crown 8vo. Cloth. **3s. 6d.** net. (*Inland Postage* 3*d.*)

France.

By H. O. MEREDITH, M.A., of the University of Cambridge.

Crown 8vo. Cloth. **3s. 6d.** net. (*Inland Postage* 3*d.*)

Germany.

A History of German Fiscal Policy during the Nineteenth Century. By WILLIAM HARBUTT DAWSON, Author of "The German Workman," "Prince Bismarck and State Socialism," "Germany and the Germans," &c.

Crown 8vo. Cloth. **3s. 6d.** net. (*Inland Postage* 3*d.*)

United States.

A Study of the Origin and Growth of the American Tariff System, and its Social and Economic Influences. By A MAURICE LOW, Member of the American Social Science Association, Author of "The Conspiracy and Protection of Property Act," "The British Workmen's Compensation Act," "Labour Unions and British Industries," &c.

Crown 8vo. Cloth. **3s. 6d.** net. (*Inland Postage* 3*d.*)

P. S. KING & SON, Orchard House, Westminster

CROWN 8vo. 6d. net. (Inland Postage 1d.)

The Price of Home Rule

By L. COPE CORNFORD.

AUTHOR'S INTRODUCTION.

MR. ASQUITH'S declaration with regard to Home Rule, made on December 10th, 1909, revived an issue which, so far as England is concerned, has lain almost dormant since 1893, although the question never slept in Ireland. The immediate effects of that declaration were two. One was to engage the Irish Roman Catholic vote in this island to the Liberal cause; the other, to rouse Ulster, which is loyal Ireland, to a sense of her danger.

As regards English people, the moral of the situation was, and is, the fact that the Prime Minister deliberately proposed to concede the demands of the Nationalist party in Ireland, in return for their help in abolishing "the veto" (as it is called) of the House of Lords.

It therefore behoves the English people, who have partly forgotten the troubles of '86 and '93, to understand something of what is involved in the Home Rule issue. At present, most of them, perhaps, are so tired of the eternal juggling of politicians with the Irish agitation, that they are inclined to give Ireland Home Rule and be done with it. There are, however, many categorical reasons why the English people should consider the matter anew, before they leap to any such conclusion. To concede the Nationalist demand no doubt appears to be a short way out of the difficulty. It is even possible, however, that there may be a shorter way.

In dealing with the subject of Home Rule, there are three main questions to which it is the duty of every honest citizen to find an answer—

I. Is there any justification for the Home Rule agitation which is worthy of serious consideration?

II. Are there any circumstances which would morally justify making any kind of concession to the demand for Home Rule?

III. Is the condition of the poorer classes in Ireland worse in any respect, owing to the existing constitution of British Rule, than the condition of the same classes in England?

It is for the purpose of providing the student with material upon which to base his judgment that these pages are written. They pretend to no merit other than the merit of personal observation on the part of the writer, of the situation as it exists to-day.

P. S. KING & SON, Orchard House, Westminster

FIFTH EDITION. DEMY 8vo. 6d. net.

Brassworkers of Berlin and of Birmingham

A COMPARISON.

JOINT REPORT OF

R. H. BEST,

Chairman of Best & Lloyd, Ltd., Cambray Works, Handsworth; Chairman of the Gas and Electric Light Fittings Masters' Association, and Conciliation Board; President of the Nelson Street Adult Early Morning School;

W. J. DAVIES,

Secretary of the National Society of Amalgamated Brassworkers and Metal Mechanics;

C. PERKS,

Canvasser and Representative of the Birmingham Hospital Saturday Fund, and Member of the Committee of the General Dispensary, Birmingham.

Some Opinions of Notable Men.

Bishop of Birmingham.—"I should like every Birmingham citizen to be made to read it."

Charles Booth.—"I read it with great interest. We need much more of such knowledge."

The Right Hon. Joseph Chamberlain, M.P.—"It is a little pamphlet which I should like to see in the hands of every workman in Birmingham. It is one of the most interesting and suggestive that I have ever seen. It is a simple account of facts and observations."

The Right Hon. Austen Chamberlain, M.P.—"Every word they wrote was worth reading and studying."

Bishop of Southwark.—"Those who read the report of the Birmingham Brassworkers would understand in how much they ought to go to school with their German brethren."

P. S. KING & SON, Orchard House, Westminster.

UNIVERSITY OF CALIFORNIA
AT
LOS ANGELES

3306

UNIVERSITY OF CALIFORNIA LIBRARY
Los Angeles
This book is DUE on the last date stamped below.

'orm L9—15*m*–10,'48(B1039)444

UNIVERSITY OF CALIFORNIA
AT
LOS ANGELES
LIBRARY

HF Walter -
2046 The meaning
W17m of tariff refor

HF
2046
W17m